

ESTABLISHED 1896

J. TREVOR & SONSProperty Consultants
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Telephone 01-529 6151

News Summary

GENERAL

Falcon blasts off with song

the strains of the U.S. Air force anthem, "Wild Blue Yonder," played over their record tape recorder. Astronauts Scott and Jim Irwin landed smoothly off the moon last night in their ferry ship on and an hour later were safely docked with the orbiting command ship *Endeavour*.

Typical of the coolness with which the whole mission has been conducted was a laconic, two-line exchange between control and Falcon: "Falcon appeared from radio 'sight' and the back of the moon."

"All Houston: 'We monitored at lift-off and can confirm lift-off.' Said Scott: 'It's good to know....'

For the first time, the moon was televised, from the cameras on the abandoned moon

engine flash

viewers saw the flash of the fire, a cloud of dust and smoke—and Falcon vaulted up its spindly bottom stage, both lift-off. Scott reported, heart-beat at a calm 74. The crew had spent three days in the moon and had with them a priceless cargo of rocks of inestimable value to science, before leaving they demonstrated the law of gravity by simultaneously dropping a hamster and a feather and caused two 8 cent postage stamps. Falcon, "hard docked" Endeavour, command pilot Warden said simply: "Well home."

"It's been great," said Scott, a moment ago, "but we're prepared for the expedition to continue."

S. accepts India for UN

United States will vote for admission of China to the General Assembly this year, says State Secretary William Rogers. But it will take any action to expedite.

In Nairobi, Sir Alec Douglas-Hamilton told MPs yesterday he'd very much like to visit a at a time convenient to two countries. Page 8.

More Rhodesia links likely

D GOODMAN may visit Britain again in a new attempt to bridge the gap on the terms ending the five-year-old civil war. The chances of a meeting between British Rhodesian Ministers over the few weeks are extremely Page 8.

Bodyguard for wives

For Trade and Industry John Davies, whose London home was bombed at the weekend, has been given a 24-hour bodyguard. Security for Ministers is being arranged. Page 6.

£50,000 2nd prize

The first £50,000 Premium prize was not at home in Britain yesterday. So £146,450 will be notified by a plain envelope.

efly ...

Ian Dean of Jobanoeburg, Rev. Gonville French, b. pleaded not guilty when tried in Jobanoeburg for riot charges opened.

Lives are guarding the home of Oz trial judge Mr Argyle after a bomb blast.

al scenes were cut from the film of Andy Warhol's *Empire* to avoid a police raid on Roundhouse Theatre. The opinion was that it was amusing in places, being sensational.

Gen Nimir of the Sudan, who ordered a Russian and German diplomat to leave his home, Page 9.

American charter passengers stranded at Heathrow have

BUSINESS

Rail and steel aids for Wall St.

• WALL STREET'S index ended 6.49 up at 864.92.

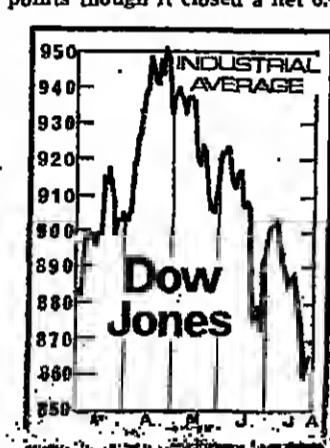
• LONDON EQUITIES were depressed by small selling but came in on the better U.S. labour news and Wall Street's rally. The FT Index, fell in 295.4 but ended a net 4.3 down at 397.2.

• THE £ fell 4c to \$2.412 on a strong demand for Euro-dollar deposits. The dollar was firm also in Continental centres.

• GOLD lost 10¢ at \$42.45

• U.S. TREASURY BILL rates fell. Three-month rate was estimated at 5.29 per cent. (\$5.54), sixes at 5.64 (\$5.83).

• WALL STREET, heartened by the rail and steel pay settlements, staged a rally which took the Dow Jones index up eight points though it closed a net 6.49



up at 864.92. Volume was on the light side at 11.87m. Hopes of a Senate "yes" for the Lockheed loan guarantee helped the upturn. When the news came in trading in Lockheed stock was suspended for the rest of the session. By then the stock was up at 111; in markets further west it reached 13.

• BOTH RAIL AND STEEL disputes in the U.S. have ended. The rail settlement announced by the Labor Department included an agreement on work rule changes on lines suggested by a White House emergency Board some months ago. It was settled. Cost of averting a steel strike is a pay package to give 30 per cent more over three years with a cost-of-living escalator—about the same as settlements in the aluminium announced an 8 per cent price rise.

Pages 5 and 14

• GENERAL MOTORS (of the U.S.) is to raise \$70m. on the Eurodollar market this month—\$30m. of five-year Notes and \$40m. of 15-year debentures. And TRW, of Ohio, plans an offer of \$20m. guaranteed debentures.

• BUNDES BANK SALES of dollars totalled about \$100m. in Frankfurt at between DM3.4605 and DM3.4609. The dollar's firmness was partly due to a feeling that the D-Mark would not be allowed to strengthen much further before being officially revalued.

• THOUGH MOTOR OUTPUT in June was the biggest for a year and at 175,735 cars and commercial vehicles, 20,000 more than in May, the weekly average was some 35,000 against May's 32,000. The June car total for the home market was 100,443 against May's 88,407.

Back Page

• NEW-CAR HP AND CREDIT sales in July were fractionally above June's and 5 per cent up on July, 1970. But personal-loan sales are not included.

Back Page

• PRICE CHANGES

in pence unless otherwise ed)

RISES

Fidelity 67 + 12

Bro. 146 + 13

1 Bro. 88 + 5

11 10 + 11

Stewart 90 + 18

Comber 65 + 9

d. (L.B.) 57 + 3

Greenwood & Batley 31 - 11

Hunting & Gibson 162 - 6

Godfrey 25 + 4

Longmore Bros. 185 + 25

Preddy (A) 60 + 3

Saville Gordon 68 + 9

Stirling Guarantee 279 + 9

Weirr Shoes 34 + 6

Lonrho 88 + 6

FALLS

RSA 344 - 132

Barclays Bank 567 - 20

Standard Distillers 39 - 14

Trust House Forte 119 - 6

Turiff Constr. 40 - 11

Burmah 442 - 5

Charter Coms. 248 - 8

CAST 223 - 11

East Drie. 184 - 6

Gold Mines Kalgoorlie 18 - 7

No. 25,521

Tuesday August 3 1971

** 6p

FINANCIAL TIMES

كما من الممكن



Two directors resign as ...

Cunard Board accepts higher Trafalgar bid

BY SANDY McLACHLAN

TRAFAVGAR House Investments has added £1.3m. to the value of its Cunard offer, and won acceptance of the majority of the Cunard Board. But Mr Maxwell Joseph and Mr Donald Forrester openly opposed to the previous Trafalgar terms, and both gained acceptance of the new offer at a Cunard Board meeting yesterday afternoon, and both resigned their directorships when the rest of the Board came down in favour of the higher bid.

It

is anticipated that about £1.00m. has still to be injected by the Government—money which will be used for further development work and to meet the £30m. net loss on production of the first 355 engines after allowing for the higher price per engine Lockheed is paying.

The

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Lockheed

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£2.99m. for a "ship set" of three engines for each aircraft. This is \$348,776 more than the original contract price for three engines.

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Letters to the Editor

Management education

Sir.—Michael Dixon ("Management Education is Badly Managed," *Financial Times*, July 23) is emphatically right, we feel, in hammering his conclusion that British management education is badly managed, and also right to direct attention to this crucial, first order condition.

Having defined the right problem, however, Mr. Dixon proposes the wrong solution. Most of his argument seems to rest on the assumption that there must necessarily be some sort of monolithic chain of command in the structure of management education institutions, led by one single, powerful, prestigious and wise (PP and W) agency. Given the comparative youth of the field surely it can be argued that progress and achievement will much more certainly result from a diversity of structures, institutions and approaches? Anyway, who would not appeal to the board of the PP and W agency? Solomon and Soares are no longer available. Philosopher kings seem to be in short supply in the 1970s.

Solutions to the problems of management education lie elsewhere.

W. R. McLeodan.

J. C. Dodds.

University of Sheffield,
Sheffield, S10.

BRACKEN HOUSE, CANNON STREET, LONDON, EC4

I must say that is the consequence of the law in Switzerland. What I am suggesting is how you could procure observance of the British law.

I cannot end this letter without paying sincere tribute to all the staff "downstairs" at Comptes House, who unfailingly deal courteously and most patiently with all enquiries alike, from "old-timers" like myself, to country humpkins up for the day to find out who it is perhaps who really owes them money and haven't a clue as to how they should go about it. Would that all Civil Servants were so civil and so willing to serve the public!

P. L. Stavenhagen,
17, Chemin des Oiseaux,
1196 Gland, Switzerland.

Industrial relations

Sir.—Mr. Roy Holton's interesting letter (July 19) illustrates one of the most important aspects of managerial authority in organisation; namely that it is never absolute. It will always depend on the approval or at least tolerance of the subordinates concerned. If they are not prepared to accept the authority they have the power to render it null and void. For instance, they can leave the organisation individually, or collectively they can withdraw their labour.

Managers who consider that they can rule by divine right will sooner or later learn the truth of the above statement perhaps in a traumatic fashion.

W. T. Southgate.
Tippings,
Stokenchurch, Bucks.

A change of address

Sir.—I have recently moved from London to Cornwall and therefore I have been going through the process of notifying as many people as possible of my change of address.

With a desire to be as helpful as possible to the companies making up my small portfolio of investments I sent one of the cards I had printed to each company with written alterations where appropriate.

The reaction was most interesting and I have been wondering how much effort and expense is wasted in this direction in view of the many people that are moving house every day.

Most of the companies in my case did not reply and this I consider reasonable enough providing all future communications go to the correct address.

Brief, and to the point,

acknowledgements were received from Hill Samuel and Co. in respect of two of their companies and similar notes were received from Whitecroft Ltd. and Swan Hunter.

The worst performers were the Bank of England, Barclays Bank Trust Co. and Imperial Tobacco all of whom sent me affidavit-like documents requiring my signature. Fortunately a witness was necessary.

On returning these, back came a further letter stating the details had been duly noted, thus, it took three letters to establish my change of address.

I give full marks to Glaxo who cagiously enclosed a small slip with the latest dividend warrant stating they were acting on the change of address I had given them. But that is what a yield of 1.8 per cent p/e of 20.6 is all about.

It would seem that some companies have profited from the postal strike of last winter.

Incidentally, I always prefer to receive dividends direct as experience has taught me to distrust computers.

W. T. Empson.
Letheringsett,
Barton Meadow,
Plym, Looe.

Inventory management

Sir.—I refer to recent correspondence in your columns under the heading "Inventory Management". Mr. C. P. Morton's recommendations (July 29) are rather too rigorously compartmentalised, I suggest, to enable a company to reap maximum benefit from a study of inventory policy, while Mr. N. J. Bennett (July 30) correctly defines inventory as part of a wider process of business management but limits the scope to materials management.

The study of inventory, however, is an integral aspect of a much broader field of management, namely business logistics. This can be defined as the physical flow of raw materials and finished goods, or, more fully, the process by which a company attempts to integrate its materials management and physical distribution management activities in such a way that cushioning service levels are kept at minimum cost (in practice, this is often a more realistic approach than attempting to design a logistics system to maximise profit because of the enormous problems associated with measuring the service elasticity of demand).

The emphasis, therefore, is on the management of the movement function, whether in terms of materials or finished goods, within a systems perspective.

Brief, and to the point,

Logically, inventory then becomes only a part of this total process, though I would agree with both Mr. Morton and Mr. Bennett that it is of crucial importance as an activity in itself. Of greater importance, however, is the need to recognise the role of inventory management in relation to the other elements of the logistics system—inventory control cannot be isolated from transportation, warehouse management, order processing, materials handling, packaging, distribution communications and vendor re-ordering.

For example, if a company increased its warehousing facilities, its inventory may increase (via a rise in safety stock requirements), administration costs may increase, but transportation costs may decline as the consequence of greater bulkmovement opportunities. Costs should be traded off against one another within the context of the logistics system concept.

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Then I think they could not only begin to solve the economic ills of our society, but might solve also the social ones. This is a tall order, but it seems to me that merely restraining price increases will not remove the real causes of inflation.

D. E. Wood.

12, Lauren Court,
Broomfield Road, Kent.

The description of meat

Sir.—In view of changes in farming methods, has not the time come for more frankness in the way in which meat is sold to the public? May we not be told whether beasts were reared on grass, or in a factory farm?

"Scotch," "Argentine," "English," "New Zealand" is paltry information nowadays. I admit that there is nothing new in meat dressed up as lamb, or in the description of an animal as chicken, but in addition to the facts that the public should always be given about the age and sex of animals there is now reason for wanting to know about the method or rearing and feeding.

Battery farming (with calves not allowed to sit down, hens unable to stand up, and boring diets) was never likely to give us tasty food. If butchers would identify their wares, we should soon see how much demand there is for the products of intensive or indoor methods.

I should hate to think that the public is so resigned to false statements that is "farm" eggs, "fresh" eggs, "free range" eggs) that it sees no point in asking for facts which relate to new methods.

At one time we mainly needed to know the part of the animal from which the cut was taken. This is now insufficient; what is prime beef?

Harold Bearston,
Managing Director,
Bearston Cutlery,
3, Milton Street, Sheffield.

Tour operators

Sir.—I enter the argument relating to the air tour business as I had practical experience both in the U.S. and the U.K., where I was a director of a small but first-class operation, sending hundreds of thousands of holidaymakers to sundry beaches of Europe.

The fact that officially 99 per cent have no complaints is, of course, a valueless statistic. A large proportion of these travellers were unsophisticated individuals making their first visit to a foreign land, living in a state of euphoria and a com-

plete delight to any confidence trickster who might wish to sell shoddy wares. Maybe the net result will ultimately be of benefit to the individual who learns to be "choosy," and to the good travel agent who cares for his clients.

D. E. Wood.

12, Lauren Court,
Broomfield Road, Kent.

Local income tax

Sir.—I hope that I am merely one of many to point out the elementary error in Mr. Cook's letter (July 29th).

The cost of an employed

includes various social security

and fiscal charges. In the EEC

countries this cost can be 40

per cent of the employee's basic

remuneration, so that a cost of

£2,500 might relate to earnings of

only £1,800. We all know that

average EEC earnings are higher

than ours, but then so is the

average standard of living, thanks to higher productivity and economic growth.

When a British Chairman is

unable to distinguish between

labour costs and earnings—or

to make an anti-market argu-

ment, assumes that his readers

cannot see the depth of our

industrial problems. We also

perhaps, see the Management

Education debate in a new per-

spective.

D. E. Wood.

12, Lauren Court,
Broomfield Road, Kent.

use common sense and deal with this matter in an equitable manner by introducing a local income-tax.

H. C. Wilkins,
28, Burstead Road,
Gt. Shelford, Cambridge.

Savings on labour

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12, Lauren Court,
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Decimal coins

Sir.—M. R. Evans (July 31) is in effect, suggesting the introduction of a crown piece which was never popular with the public, though the small size of his suggested new coin might make it so. Similar objections apply to the proposed 2 coin; the double florin was never popular and had to be withdrawn.

Once a decision had been made in favour of decimalisation, I believe that the Decimal Currency Board were right to introduce the 50p coin in place of the 10s note. The coin is more durable, and less easy to lose.

Nevertheless the fact must be faced that it is not popular.

It might seem to follow fra-

this, and from the public general antipathy to the new coins, that all newly introduced coins are unpopular. The one exception to this rule seems

to be the guinea, first struck in 1663 with the nominal value of 20s. It was such an attractive coin that it changed hands at premium for 21s. It might be argued that the fact that a guinea had some intrinsic value being made of gold, was a plus in its favour, but if the overriding factor was its design, whether of 20s or of 25s, my

be the answer, whatever decision is made on the 50p coin.

C. Chowdhary-Best,
174, Cluny Hill Road,
Basingstoke, Berks.

Wall Street blues

Sir.—The final paragraph of your July 31 editorial, name "All this is quite enough" remind investors that the future is always uncertain and economic future more uncertain still," contains the truer word of the day. This is a situation where for this state is that world is one vast mad house, wherever we turn, we see madness getting worse from day to day.

This cuts out the business of having to differentiate between the classes when sorting.

2. All mail will be carried and

ever, I doubt her ability to code 4 lbs successfully.

Sovereign View, runner-up, level weights, to the unhelpful

Sen. Music at Leicester month.

Lord Rosebery runs Trooper trained by Jack Watts, in Redesdale Handicap (3.00). Redear, Trooper, who is Bitouze out of All Aboard (aptly Lord Rosebery names horses) is game and consistent and has an obvious chance.

Later in the afternoon, Suchet with only 7 stone 6 lbs in saddle, appears to be well heeled in the Longdon Nun Stake (4.30).

The Dunstable Derby St (3.15) at Wolverhampton is somewhat grandiloquent title a handicap for three-year-olds with £200 added stake money but it looks as though Nicholas Nuttal has a useful animal in Sunning Boy, a colt

by Eclipse Stakes winner, C. C. Italy, one of the leading sire

of the day.

Another trainer with a good record at Brighton is John Dunlop, whose stables are located not far from the course at Arundel. He is represented by Forgiveness in the Alfriston Stakes (2.00) and this filly, by Pardao, after shaping with promise behind the smart Folsa at Windsor in June, disappointed when, after starting favourite, she finished only third behind Western Prince and Sea Guide here early in July. Nevertheless, judged even on that running, she has reasonable prospects today. Fair Songstress who landed a hefty gamble for Ron Smyth's Epsom Stakes when successful over seven furlongs here on July 7, carries 8 stone 6 lbs over the same distance in the Worthing Nursery Handicap (2.30). How-

ever, she is not the only one to do well in the race.

BRIGHTON

2.00—Forgiven

2.30—Sovereign View

3.00—Palladio**

4.00—Pallarco

Radio 3

The Tsar's Bride

by ANDREW PORTER

All the severe things that have been said about Rimsky-Korsakoff are possibly true. The man manufactured one long opera after another in quick succession, though he was "not a true dramatic composer at all" (Gavin Abraham), "not essentially an operatic composer" (Wilfrid Mellers). And yet, and yet... I am not the only person I know who lisps enthralled to these long operas, not just captivated by the mastery of instrumentation, the freedom of flow and facility (what Mellers calls "aleck fatuity") of Rimsky's music, but also finding in again and again, that "heart which the critics will not allow me to have".

In Russia many of his operas (including *The Tsar's Bride*) remain coastantly in the repertory. In Italy, performances turn up quite often. Here, since the war, we have had an occasional *Snow Maiden*, a *Golden Cockerel* at Covent Garden, but otherwise have had to look to the gramophone and to the BBC.

The Tsar's Bride, broadcast on today afternoon, was welcome. This was not just a reminder of magic fairytale. *The Tsar's Bride* is the second of his three operas based on plays by L.A. May. The action is set two years after that of *The Maid of Pskov*, in 1572; one character turns up in both operas, the Tsar's physician Bolumes (a bass in the earlier piece, now a tenor); so, in a sense, does Ivan the Terrible himself, though in *The Tsar's Bride* he does not sing, but merely passes across the stage on horseback, observing the beautiful Martha with burning eyes. Martha, betrothed to Ivan, the tenor, and desired by Grasnoy, the baritone, is dressed in the third of Act 3 to be in *The Tsar's Bride*. This is not the main basis of the action. Grasnoy plans to win Martha's love by means of a love-potion, and his jealous mistress Lyubasha substitutes, for that potion, a subtle poison.

The famous scene, familiar to record-collectors, are Martha's ecclinations of her happy childhood with Ivan (which Ernest Lehman once described as "one of the purest and profoundest expressions of purely melodic ecstasy in the whole of music") and her mad scene. Abraham peaks rightly of "pure musical beauty". Marie Hayward, the BBC's heroine, was not exactly

Nedzhanova, but her singing is especially fine in the mad scene, was clear, full, and shapely of line. Delme Bryn-Jones was grandly supporting as Grasnoy; one felt he might make a notable Prince Igor. David Willmott as a romantic Ivan, though his music lacks specific character.

The powerful dramatic music, apart Grasnoy's aria at the start and his confession at the close, belongs to Lyubasha; and of this role Patrice Kern gave a thrilling, passionate performance. First, she has a song quite unaccompanied, a long melancholic piece, rising to a climax which Grasnoy delivers in tones to suggest that, if Miss Versey and Miss Baker were both ill, we should still have someone like many little-known artists.

The duet with Grasnoy which closes the act, and includes a long solo outburst for Lyubasha, was equally thrilling. When it was done I seized the telephone, to make sure that friends were not missing the splendour of Miss Kern's performance. In Act 2 Lyubasha has another splendid scene, a conversation with the pharmacist who for his poison demands a shameful price that she agrees to pay only when she hears her rival's happy laughter ringing out. Lyubasha is out as great and profound a role as Martha is *Khovanshchina*, but she has something of the same passion and imagination about her. How could Mr. Abraham dismiss most of the music of *The Tsar's Bride* as insipid?

A strong cast further included Gregory Dempsey, Georgina Paras and Don Garrard. It was a recording or a "live" performance, given before an invited audience in the Camden Theatre, and a "live" performance indeed as conducted by David Lloyd-Jones, with some beautiful playing from the BBC Concert Orchestra. Special praise to the studio engineer whose excellence we tend to take for granted—for an unusually beautiful, spacious and well-balanced recording. Can we hope for *Servilia* one day? More performances like this, and all the textbook assessments of Rimsky-Korsakoff will need revision. There was no Mussorgsky, and no Chakovsky—but why blame him for that when he was so captivatingly and so copiously himself?

Surprisingly, too, one of the major painters of the period, François Boucher (1703-70), also requires to be studied afresh. It is now more than 200 years since an exhibition of his work was held.

The authorities of the Louvre have now something to repair this omission by staging two exhibitions at the Pavillon de Flore which are drawn from their own resources. One consists of the large group of prints in the Edmond de Rothschild Collection, to which some drawings have been added; the other comprises the 27 paintings by this Master in the Louvre.

Although not every aspect of

Boucher's protean activity is represented—his stage and hôtel designs are absent—both shows pay agreeable homage to his genius. It goes without saying that this Master had the knack of finding a pleasing subject with an immediate appeal—beautiful women, which so appealed to Renoir, fanciful Chiniserie subjects and refined and imaginative landscapes. But the exhibitions also stress that Boucher was an impressive designer, a brilliant and enchanting colourist and an observer of the contemporary scene.

In some ways Boucher has been the victim of his own subject-matter. His very position as the painter who, as the Guards, stood, signified the taste of his time, has meant that some writers feel he was a casual artist. The opposite is true. Like so many painters of this age of splendid craftsmanship, he was more versed in the art of his predecessors than is often realised. Since the researches of the late Hermann Voss it has become clear that he was indebted to the Dutch 17th-century painter, Bloemaert; one of his etchings after a group of this artist's studies is on view.

Yet there are gaps in our knowledge about his development—for instance, the date of his birth in Rome. He had won a Prix de Rome when 20 but only went there in 1727, returning home in 1729. There seems to be little doubt that he owed something to Tiepolo but a close analysis of his work might establish connections with other artists. It has always been to be remembered that Italian art played a decisive role in

France during the eighteenth century—Rosselli Carrera and Pellegrini worked in Paris and Fragonard was deeply influenced by Solimena and Castiglione and drew many copies after Italian masters. Nevertheless, as far as concerns decorative painting, a respectable tradition existed in France which included Simon Vouet and J. F. Lemoyne, under

ment d'Europe which was shown in the Salons of 1747 and acquired by Louis XV. It is a characteristic composition in which the elegance of the poses is complemented by the refinement of the colours. His skill as a designer and his ability to convey a lyrical lift in his big works may be seen in the two marvellous paintings in the Wal-

Beucher was a painter of ravishing and gently toned landscapes "mensonges plus aimables que la vérité," as Théophile Gautier called them. In these pictures he succeeded, as did Bonnard, in recalling his experiences in front of Nature and turning them into dreamlike visions. They herald romanticism in a surprising way. He could



Les trois Grâces

whom Boucher worked as a young man.

Unlike the Italian, however, Boucher did not have the opportunity to work on a grand scale in palaces or churches. All the same he did paint on a relatively large scale and executed many designs for tapestries. Since the Middle Ages, tapestries have been a substitute for mural painting in France. He must certainly be counted as one of the leading decorators of the age and his paintings are remarkable. His painting of *Die Bath* of 1742. There is never anything glacial or contrived about such work; his lucid handling of paint and love of sketchiness is seen in *L'Intérieur*. This painting makes one regret that he did not paint more of this sort: they are so much more sophisticated than the interiors of Pietro Longhi. They show as the prints, that his art was based more on the study of reality than is often assumed.

Yet there are gaps in our knowledge about his development—for instance, the date of his birth in Rome. He had won a Prix de Rome when 20 but only went there in 1727, returning home in 1729. There seems to be little doubt that he owed something to Tiepolo but a close analysis of his work might establish connections with other artists. It has always been to be remembered that Italian art played a decisive role in

lace Collection—*Sunrise and Sunset* which were painted in 1754 for Madame de Pompadour's château de Belleville.

One of the most impressive aspects of Boucher's art that emerges from this exhibition is his talent as a colourist which was acknowledged by Van Gogh. His mastery of blue is especially pleasing and his flesh tones are remarkable. His painting of *Die Bath* of 1742. There is never anything glacial or contrived about such work; his lucid handling of paint and love of sketchiness is seen in *L'Intérieur*. This painting makes one regret that he did not paint more of this sort: they are so much more sophisticated than the interiors of Pietro Longhi. They show as the prints, that his art was based more on the study of reality than is often assumed.

also paint naturalistic scenes, one of the most unexpected pictures on view is *La Forêt de 1740* in which a hint of Salvator Rosa may be noticed in the figures: this exploration of the secrets of Nature looks ahead to the world of Barbizon.

Among the new full-length feature films already confirmed is *Private Road*, the second film by Barne Platiss-Mills, maker of *Bronco Bullfrog*, premiered at Edinburgh last year. Peter Watkins' new film *Punishment*

is also available Wed., Fri., Sat. matinees.

EDINBURGH FILM FESTIVAL

King's Lynn Festival

King's Lynn celebrates its 21st festival this year. It has a good deal to celebrate. With Lady Fermoy as president, King's Lynn has successfully become the rarest kind of festival: one that maintains high standards but also aims to serve the locality rather than flooding visitors in search of castles (Edinburgh) or composers (Aldeburgh).

Lynn itself is a pretty Georgian quayside market town, an expanding town but now with a population of only 30,000. The concert in St. Nicholas Chapel should regularly collect 1,000 local fenmen. If only Cheltenham—more than double the size and with a more thickly populated catchment in the county around—could attract the same proportion.

Lynn is far from the festival that reckons music to be the only fare required for a feast. This year the other events included *The World's a Stage* from the Prospect of Whitby Company and a double bill of *Mercer* (Morgan Jampolis' *Cave for Treatment*) and *Stopford* (*Real Inspector Hound*) from the Nottingham Theatre.

This year's musical fare was deprived of one of its oldest friends by the death of Sir John Barbirolli. (His successor, James Laughran, conducted the Bartok, Wagner, Chaikovsky concert by the Hallé, which usually performs the opening orchestral concert.) The two big events at the end of the week were both by the festival's young principal musicians: Raymond Leppard with the English Chamber Orchestra. Friday night's concert featured Raymond the Avuncular, wise counsel of the younger composers and fashion-free friend of their elders.

In Elizabeth Maconchy's *Arionide* for soprano and orchestra, the festival has confirmed itself a winner. The choice of C. Day Lewis's poem has clearly struck resonance in Miss Maconchy's dramatic sense. Lewis's lines are not fussy, but have the habit of punctuation by emphasis ("It is a day, an age since we came here") that invites strong vocal writing, and Miss Maconchy chooses long, smooth ones, broken occasionally by dramatic decoration—all sung with much feeling by Heather Harper. The

Edinburgh Film Festival

Edinburgh film festival starts its twenty-fifth year a week ahead of the music and drama festival. This year Edinburgh plans a tribute to Bernardo Bertolucci, the young Italian director whose first major film to reach this country, *Before the Revolution*, was completed when he was 23 years of age.

Among the new full-length feature films already confirmed is *Private Road*, the second film by Barne Platiss-Mills, maker of *Bronco Bullfrog*, premiered at Edinburgh last year. Peter Watkins' new film *Punishment*

GILLIAN WIDDICOMBE

is also available Wed., Fri., Sat. matinees.

ENTERTAINMENT GUIDE

OPERA AND BALLET

COVENT GARDEN, ROYAL BALLET, LAST WEEK OF SEASON

ROYAL OPERA HOUSE, COVENT GARDEN, CONCERTANTES, FIELD, FIGURES

LYHAMPTON, COVENT GARDEN, 7.30 ANASTASIA, Sat. at 7.15, 8.30 GISELLE, 7.30 ANASTASIA, Sat. at 7.15, 8.30 ALICE GUINNESS, JEREMY BRETT, 7.30 ANASTASIA, Sat. at 7.15, 8.30

COLISEUM, Sadler's Wells, OPERA, EVENING, 7.30, FRIDAY, TONIGHT, SATURDAY, 7.30, SAT. AND SUNDAY, 2.30, 7.30, AUGUST 10, 11, 12, 13

KISS ME, KATE

Sat. THE SERAGLIO, 1836 3161.

SATURDAY NIGHT, 7.30, MATINEE, 2.30, AUGUST 11, 12, 13

MISS MARY MARTIN IN

FIDDLER ON THE ROOF

Also starring Stella Marry, 5pm, Sat. Year.

LYRIC, 427 3886, 8.30, SAT. 5.20, 8.30, AUGUST 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100, 101, 102, 103, 104, 105, 106, 107, 108, 109, 110, 111, 112, 113, 114, 115, 116, 117, 118, 119, 120, 121, 122, 123, 124, 125, 126, 127, 128, 129, 130, 131, 132, 133, 134, 135, 136, 137, 138, 139, 140, 141, 142, 143, 144, 145, 146, 147, 148, 149, 150, 151, 152, 153, 154, 155, 156, 157, 158, 159, 160, 161, 162, 163, 164, 165, 166, 167, 168, 169, 170, 171, 172, 173, 174, 175, 176, 177, 178, 179, 180, 181, 182, 183, 184, 185, 186, 187, 188, 189, 190, 191, 192, 193, 194, 195, 196, 197, 198, 199, 200, 201, 202, 203, 204, 205, 206, 207, 208, 209, 210, 211, 212, 213, 214, 215, 216, 217, 218, 219, 220, 221, 222, 223, 224, 225, 226, 227, 228, 229, 230, 231, 232, 233, 234, 235, 236, 237, 238, 239, 240, 241, 242, 243, 244, 245, 246, 247, 248, 249, 250, 251, 252, 253, 254, 255, 256, 257, 258, 259, 260, 261, 262, 263, 264, 265, 266, 267, 268, 269, 270, 271, 272, 273, 274, 275, 276, 277, 278, 279, 280, 281, 282, 283, 284, 285, 286, 287, 288, 289, 290, 291, 292, 293, 294, 295, 296, 297, 298, 299, 300, 301, 302, 303, 304, 305, 306, 307, 308, 309, 310, 311, 312, 313, 314, 315, 316, 317, 318, 319, 320, 321, 322, 323, 324, 325, 326, 327, 328, 329, 330, 331, 332, 333, 334, 335, 336, 337, 338, 339, 340, 341, 342, 343, 344, 345, 346, 347, 348, 349, 350, 351, 352, 353, 354, 355, 356, 357, 358, 359, 360, 361, 362, 363, 364, 365, 366, 367, 368, 369, 370, 371, 372, 373, 374, 375, 376, 377, 378, 379, 380, 381, 382, 383, 384, 385, 386, 387, 388, 389, 390, 391, 392, 393, 394, 395, 396, 397, 398, 399, 400, 401, 402, 403, 404, 405, 406, 407, 408, 409, 410, 411, 412, 413, 414, 415, 416, 417, 418, 419, 420, 421, 422, 423, 424, 425, 426, 427, 428, 429, 430, 431, 432, 433, 434, 435, 436, 437, 438, 439, 440, 441, 442, 443, 444, 445, 446, 447, 448, 449, 450, 451, 452, 453, 454, 455, 456, 457, 458, 459, 460, 461, 462, 463, 464, 465, 466, 467, 468, 469, 470, 471, 472, 473, 474, 475, 476, 477, 478, 479, 480, 481, 482, 483, 484, 485, 486, 487, 488, 489, 490, 491, 492, 493, 494, 495, 496, 497, 498, 499, 500, 501, 502, 503, 504, 505, 506, 507, 508, 509, 510, 511, 512, 513, 514, 515, 516, 517, 518, 519, 520, 521, 522, 523, 524, 525, 526, 527, 528, 529, 530, 531, 532, 533, 534, 535, 536, 537, 538, 539, 540, 541, 542, 543, 544, 545,

Farming and Raw Materials

New rise in beef prices forecast

A THREAT that English beef may soon be scarce and rise in price further came yesterday from official figures of cattle slaughterings which show a sharp drop last year.

Ministry of Agriculture statistics show that in the three weeks to July 17, 1,360,000 beef steers and heifers were slaughtered in the U.K. compared with 1,50,000 last year—a drop of more than 12 per cent.

Butchers see this as a sign that supplies are decreasing rapidly. "Supplies normally tend to rise about this time of the year," said a spokesman for the National Federation of Meat Traders' Association. "It seems a reversal of the usual pattern."

"At the moment it has not had a marked effect because, with the warm weather, demand for beef is not high. But if it continues it must inevitably mean a rise in prices."

There was little likelihood of getting extra beef from the Argentine, he said. The best hope of holding down prices and meeting demand was a step-up in supplies from Ireland.

Irish shipments of beef to the U.K. in the first four months of this year rose significantly and producers are gearing themselves to sell more Irish beef in Britain.

The statistics show home-killed lamb and pork supplies are slightly up, while pigs slaughtered for bacon are up by about one-fifth.

Sharp rise in Indonesian clove prices

DIJAKARTA, August 2.—INDONESIAN clove prices have risen by more than 100 rupians per kilo in the past few days on fears of a lower harvest this year, dealers said here.

Prices for top quality local cloves are now being quoted at 1,500 rupiah per kg as against between 1,300 and 1,400 rupiah per kg in mid-July.

An Antara News Agency report from Menado, North Celebes, at the week-end said clove prices there had risen from 1,350 to 1,450 rupiah per kg in the past week. Antara said clove production in the region had dropped by a quarter this season.

A spokesman for the Zanzibar company said the rise was due to increased demand and doubts about forthcoming crops.

Copper market steady on latest strike news

BY JOHN EDWARDS

THE SETTLEMENT of the U.S. steelworkers' new contract, ending their strike, has been avoided, gave a firm underlining to the London Metal Exchange markets yesterday. Although copper prices ended the day close to Friday's closing levels, values had previously been expected to fall in line with the downturn in the New York copper market on Friday night following the tentative settlement reached by Philip Dodge. The prices also held firm, despite a further fall in the Peccan market in Malaysia over the weekend, while lead and zinc values both gained ground.

Chileans come out

Another steady influence for copper was the news that 5,000 workers at Chile's State-owned El Salvador copper mine have gone on strike, following the failure to reach agreement on the terms of a new labour contract. The strike, which was claimed to be 100 per cent effective, is the first stoppage since the mines were nationalised and indeed the first strike in Chile for some time.

In contrast Kennecott confirmed that the strike at its Chino mine, which produces around 30,000 tons a year, has been settled. The company said there had been only a limited return to work because of the strike, and no concrete supplies using the San Fe rail line, but presumably the settlement of the U.S. rail strike as well should mean Chino will be back to normal operations shortly.

The U.S. copper strike is to a large extent a "dead" issue on the London market now, with everyone expecting all the other

but there has been a return to work at another mine.

The White Pine Mine, owned by Copper Range, and producing about 60,000 tons of copper annually, is one of the new mines where work has stopped. The company said its economic ideas were far apart from the London market especially now a steel strike has been avoided and the way opened for a full economic recovery in the month ahead.

Anaconda's Twin Butte mine in Arizona, producing some 50,000 tons of copper a year, has also been hit by a strike with the expiration of the workers' contract at the end of July.

The failure to avoid a strike at Twin Butte suggests that Anaconda is still having difficulty in finalising the tentative agreement reported to have been reached with the workers in other areas nearly a fortnight ago.

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The U.S. copper strike is to a large extent a "dead" issue on the London market now, with everyone expecting all the other

companies to follow Keonecott's lead shortly. But the speed with which the steel companies have put their contracts in place as a result of the higher wage hill faced could set a useful precedent for U.S. copper producers to follow—hence the present firmness of the London market especially now a steel strike has been avoided and the way opened for a full economic recovery in the month ahead.

Although there was a small rise of 500 tons in LME copper stocks to 98,425 tons, the increase was in line with expectations and suggests that the heavy build-up of surplus supplies delivered into the LME warehouses has halted.

Trade sources said there were strong Soviet pressures for the government to reverse its decision regarding the channelling of purchases.

But the government, which believes the move to be in the country's best interests, is reluctant to back down, the sources added.

Commercial circles here say that the Russian buyers stayed away because of Ceylon's recent requirement that all purchases covered by bilateral trade pacts be channelled through the state trading corporation's export unit, Consol-expo.

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Reuter

Boost for lead

The hoped-for recovery in demand with the steel strike no longer looming over the U.S. economy, is also a boost for the other metals, especially tin and zinc. Lead values received at additional boost yesterday from buying believed to have been on behalf of the producers—a possible hint that rumours of a forthcoming rise in U.S. lead prices may have some truth.

Tin stocks held in LME warehouses were down by 31 to 4,595 tons, zinc declined by 325 to 25,925 tons, while lead holdings rose by 525 to 34,100 tons. LME silver stocks were up by 20,000 to 6,780,000 ounces.

Australia wool stock 6% of clip

BY MICHAEL SOUTHERN, AUSTRALIA EDITOR

THE AUSTRALIAN Wool Commission is holding 339,000 bales, valued at about \$A33m. This was announced today by the commission following a statement by the Minister for Primary Industry, Mr. Sinclair, which indicated continued Government support for the activities of the commission.

Established last year to ensure a minimum wool price.

The acting chairman of the commission, Mr. W. J. Vines, said that the stocks represented 6 per cent of last year's Australian wool clip, and less than 2 per cent of the annual world wool production.

From these figures, it will be apparent to the trade that the commission has re-sold a sizeable quantity of its stocks during and since the end of last season, these sales have been made at a profit over the cost. The price for wool sold direct to the trade since auctions concluded have shown a rising trend and are now above mid-year rates.

Sir John pointed out Australia's previous freight contract was \$1 per ton higher than New Zealand's contract.

In making their contract the Australians said they will make economies, he noted. He did not know what economies or concessions were made but concessions made in one area often increased prices in another.

SYDNEY, August 2.

wool accepted by brokers but which was not able to be offered before the season ended. This was bought under the provisions of the price averaging pool. Pool stocks purchased by the commission amounted to about 130,000 bales.

Mr. Vines added that for 1971-72, the commission intended to set its opening reserves at levels not lower than those that were in force at the close of last season. Stocks would be available for sale through the auction and otherwise these transactions would be made only on a firm commercial basis in relation to ruling market levels.

Meanwhile Reuter reports from Wellington that prices at the first 1971-72 New Zealand Wanganui wool auction were firm to slightly dearer for second shear with crutchings in good demand. The offering was 5,580 bales of gimmer wool.

It was also announced in Wellington that New Zealand will have to re-open negotiations on wool freight rates between New Zealand and Europe. New Zealand's Deputy Prime Minister

agreed to a 12 per cent increase to those stocks acquired as a result of the reserve price plan the commission was also obliged to purchase, at current values.

ster for Overseas Trade John Marshall, said the decision followed the news that the Australian wool industry and the Australia-to-Europe conference lines had agreed there will be no change in wool freight rates in the 1971-72 season because of the poor state of the industry with prices at the lowest levels for over 20 years last season. In contrast New Zealand had more than agreed to pay 12 per cent, more in freight rates for its wool.

The chairman of the New Zealand Wool Board, Sir John Acland, commenting on Mr. Marshall's suggestion said New Zealand cannot renegotiate the wool freight rate contract with conference lines as the Board has no statutory powers.

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American News

U.S. Steel price rises after pay settlement

By John Graham,
U.S. Editor

NEW YORK, August 2. With the ink on its new labour contract barely dry, United Steel, a giant of the industry, this morning announced price increases on the majority of its products averaging eight per cent, one of the steepest increases in many years.

The increases come as no surprise whatsoever. Numerous steel industry executives have agreed that the cost of the pay settlement would inevitably lead to higher prices and U.S. Steel underlined this again today in its statement which ends in part: "Over the years of past labour contract our experience has been that price increases, including those put in effect this year, have not been sufficient to cover cost increases, resulting in a continuing erosion of earnings capability. To prevent further erosion under the new contract it is necessary that we increase our proceeds from steel mill profits promptly."

John Graham, U.S. Editor, writes from Washington:

"STEEL strike that has been held for a large part of this year has been averted, at the start of an inflationary wage element and a large and immediate price increase."

The companies and the United Steelworkers agreed late last night on a three-year package that will increase the workers' pay by at least 30 per cent over three years.

The workers won an unlimited cost-of-living escalator. In general, the settlement is about the same as those in the can, aluminum and copper industries, which were specifically described as "inflationary" by the White House.

The results of the long negotiations, expensive though they seem, are probably the best President Nixon could have had. It was psychologically and politically impossible for the steel workers to get more than members of the same union working in other metals, there is, moreover, plenty of evidence that the White House believed, if that is the word, in terms. It was partly at the administration's request that the union agreed to a 24-hour extension of the strike deadline from Friday midnight to Sunday night in order for both sides to have time to iron out terms at the rank and file would be agreed.

It is understood that the main points of the settlement conform with the recommendations of a Government emergency Board which reported three months ago.

The size of the wage increase negotiated, 42 per cent over 42 months, was also announced several months ago.

The heart of the dispute has been disagreement over work

Nixon accepts Peking in UN, two-China plan

BY JOHN GRAHAM, U.S. EDITOR

THE NIXON Administration need not prejudice the claims or views of either government.

The U.S. has taken its two Chinas stance after months of consultations. These showed that a large number of countries wanted to have the Communists in, and also wanted to keep Taiwan in. Given President Nixon's intention of visiting Peking, and his basic desire to deal seriously with the Chinese Communists, today's statement was hardly unexpected. It nevertheless marks a considerable volte-face from the early days of his Presidency.

He added that the U.S. would not insist that the admission of China be made "an important question," which would need a two thirds vote rather than a simple majority. Any attempt to expel Taiwan would, however, be considered an important question.

Nothing in what he said should be construed as a decision about whether China should be considered the sole government of the Chinese people. Acknowledging that both Peking and Taipei claimed to be the sole government of China and the representative of all the people of China, he went on: "Representation in an international organisation

It depends on precisely what

Rail agreement reached after 18-day strike

BY GUY DE JONQUIERES

WASHINGTON, August 2. RAILWAY Management and union negotiators today reached a settlement ending the 18-day selective strike that had paralysed 10 rail lines and brought freight transport to a standstill.

The 240,000 striking railway workers were ordered back to work from mid-day and normal service is expected to be resumed on the affected rail lines within the next few days.

The details of the agreement have not been announced as yet. But Mr. Charles Luna, the head of the United Transportation Workers Union, said: "We have made an agreement that we are proud of, an agreement that we can live with." The chief management negotiator, Mr. John Hiltz, was somewhat less enthusiastic, saying only that he was "very happy that a satisfactory conclusion has been reached."

It is understood that the main points of the settlement conform with the recommendations of a Government emergency Board which reported three months ago. The size of the wage increase negotiated, 42 per cent over 42 months, was also announced several months ago.

The heart of the dispute has been disagreement over work

Praise for settlements

The settlements in the steel industry and on the railways were praised to-day by the Secretary of Labour, Mr. James Hodgson. "We believe that this has been a pretty good week-end on the industrial peace front," he said.

"The President's reaction could be characterised as being pleased that the orderly expansion of the economy can continue without the disruptive influences of a strike," he added.

Mr. Hodgson pointedly refused to say whether he thought either of the settlements were in

fashionable.

Brazil \$47m. roads loan

BY OUR FOREIGN STAFF

THE INTER-AMERICAN BANK announced the approval to-day of two loans equivalent to \$47m. to help build or improve nearly 400 miles of roads linking Brazil and Uruguay. The two loans were extended to the Departamento Nacional de Estradas de Rodagem, Brazil's national highway agency, and will be used to build or improve four major land routes in Brazil's Rio Grande do Sul State.

The highways, which will connect with roads in Uruguay, include: links between Pelotas and Jaguari; Jeribá, Bagé and Alegre; Rosario do Sul and Livramento, and São Sepé and Canguçu. All of these are included in the Preferential Plan

for National Roadworks of the Brazilian Government. The total cost of the programme is estimated at \$83,450,000. The Bank loans will cover 56.3 per cent of that figure; the remainder is being provided by DNER.

The area in which the roads will be located is rich in agricultural potential, but the lack of an adequate transportation system in the area has been a serious limiting factor in its socio-economic growth. Production of farm crops in the area far exceeds local needs at present thus leaving large surpluses available for exportation. The projected highways will provide a fast and economical outlet for such products to consumer centres in Brazil and Uruguay.

Errors in U.S. profit figures

BY JOHN GRAHAM, U.S. EDITOR

THE POSSIBILITY that American companies may be seriously歪曲 their profits has been raised this week by the editor of one of the country's most respected economic research models.

Dr. Otto Eckstein (formerly of Council of Economic Advisors) has examined company data with his DAT resources corporate model, and discovered errors of such size that they raise important policy actions. His findings and tentative conclusions are as follows:

For 1970, the original estimate of company profits was \$81,300m. It has already been revised to \$75,400m. The previous year's original estimate was \$70,000m. It was revised to \$20,000m. A third large down-

ward revision occurred for 1968, from \$92,300m. to \$57,600m. Such large revisions are relatively new. In the three years from 1965 to 1967, for instance, the final revisions were no larger than 4 per cent in any given year. There also seems to be a systematic cyclical factor in the rising phase of the business cycle: the figures are revised upwards in the weaker years downwards.

What makes the large differences of the last three years serious are the mechanics of the revised process. The estimates are all based by the Office of Business Economics (OBE) in the Department of Commerce, which bases its initial figures on those publicly reported by the companies themselves.

But, this office uses the Inland Revenue Service's definition of profits for its revision and final figures. These derive partly from the Inland Revenue's statistics of income. These become available only after a lag of a year or two, and are calculated of course after the actual taxes on profits have been collected and counted.

The OBE's revisions, therefore, indicate the gap between public reports and the Inland Revenue's tax reports, and the width of this gap in the last three years suggests to Dr. Eckstein three possibilities:

1—Average accounting practices have deteriorated dramatically. If all the differences in the figures for the last three years were due to loose reporting practices, it would imply that the entire profit increase between 1966 and 1969 was due to this looseness, not to any improvement in real earnings. The stock market rose by 20 per cent in the period, and then lost all this gain in 1969 and 1970. Bad earnings reports have been flat as they are now reported to have been, the stock market boom and bust would have been milder and the economic boom would have been less overheated.

Broken down

Business may have been under-reporting its profits to the Inland Revenue. There have been no major changes in the definitions of taxable income under the internal revenue code, but there is considerable discretion in its interpretation.

2—The statistical operations of the OBE or the Inland Revenue would have broken down through human or mechanical error. Dr. Eckstein does not consider this likely as the prime explanation.

The widening gap between reported earnings and taxable earnings is a question not only for econometricians. Individual and institutional investments are guided largely by such reports, as is economic policy at the government level.

Jessel, Toynbee & Co. Limited announce that Mr. D. M. L. McWilliam, an executive Director of Charles Fulton & Co. Ltd., has been appointed to the Board of Jessel, Toynbee & Co. Limited and will be responsible for their newly formed currency department. Mr. W. S. Thomson has been appointed Manager.

CHANGE OF NAME
Yorkshire Dyeware & Chemical Co. Ltd.
from 1st August 1971 our name is
YORKSHIRE CHEMICALS LIMITED

كتاب من المجلة

AERONAUTICAL SATELLITES

Global plans for air safety

BY DAVID FISHLOCK, SCIENCE EDITOR

THE MID-AIR collision which took place over Japan on Friday underlines the significance of the international meeting on air traffic control, initiated by the U.S. which opens at Ministerial level in Madrid this morning. Fourteen nations are meeting under the chairmanship of General Salvador Diaz-Benjumea, Spanish Minister of Transport.

Washington, Aug. 2. The resolutions are, and Mr. Rogers made it clear to-day that the U.S. had not decided on its tactics. If Peking remained adamant about Taiwan's expulsion, or if a resolution to take Taiwan off the Security Council was tabled, then the U.S. could revive the "important question" and could even reverse today's statement.

Mr. Rogers said that the U.S. had informed Taiwan of today's announcement — presumably through the Ambassador here — but not Peking. He said that he had no indication from either China whether it would be prepared to sit in the U.N. with the other.

Charles Smith, Far East Correspondent, writes: There was no official reaction from the British Government yesterday to Mr. Rogers' statement but unofficially it is known that Britain both dislikes and distrusts the American attempt to inaugurate a two-China policy. It is highly unlikely that the U.S. will vote for a "revised important item" motion designed to keep Taiwan in the United Nations although it might not actually vote against. On the other hand Britain will this year vote for the traditional Albanian motion which calls for the admission of the People's Republic of China to the U.N. and the expulsion of Taiwan.

Britain is understood to have received advanced notice of the content of the Rogers statement, but there is no indication that consultations of any kind took place between London and Washington before the Americans made their decision. Whitehall sources were suggesting last night that the U.S. move was distinctly out of line with the rest of President Nixon's policy towards China and might even be viewed as a "face saving" measure, intended to prepare the ground for a simple acceptance of Peking's entry to the U.N. If the measure is not designed simply as "face saving" and has not been so presented to Peking it is taken for granted that China will react strongly against the American move.

Hence aircraft fly across the oceans to flight plans they must declare before taking off. Should, however, a "blunder" error cause an aircraft to stray far, of course, a commonplace occurrence, there is no way now of alerting other aircraft. So flight plans are arranged to allow large separations between the aircraft, not less than 120 miles. At times of peak traffic this can mean that aircraft must take a much longer route, with the extra cost and delay that that involves.

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Early this year the aerosat concept took a major step forward with a statement from the U.S. Government's Office of Telecommunications Policy, reaffirming that the service is wanted in the Pacific by 1973 and in the North Atlantic by 1975. The statement also established the frequencies to be used at present to the VHF band, where frequencies from 1540 to 1660 megahertz have been assigned. L-band would also offer the pilot a more precise "fix" from the satellite. But to receive L-band the aircraft will need a steerable aerial that keeps the satellite in view; a much more complex and costly arrangement than aircraft communications at present.

Then this summer from a ministerial meeting in Washington emerged the prospect of a joint international programme to develop a common system that would serve both oceans. The

test a new commercial satellite system, a decision on where and how to begin is already urgently needed.

At the moment there are obvious burdens to a joint programme. The Governments of Western Europe do not share the U.S. desire to lease aerosat links from private sources but want at least the initial service to be owned by governments. Neither side doubts the advantage of some scheme for air safety. How the cost of the service and the work on the satellites might be equitably shared, however, are subjects bound to cause complications.

For the airlines themselves, an aerosat service threatens to

the U.S. Navy's Transit, and its possible successor. Transit in a civil guise, the principles of ranging and fixing for aircraft have been explored through NASA's three applications technology satellites IATS 1-3. These big "birds" are in geostationary orbit at 19,000 nautical miles.

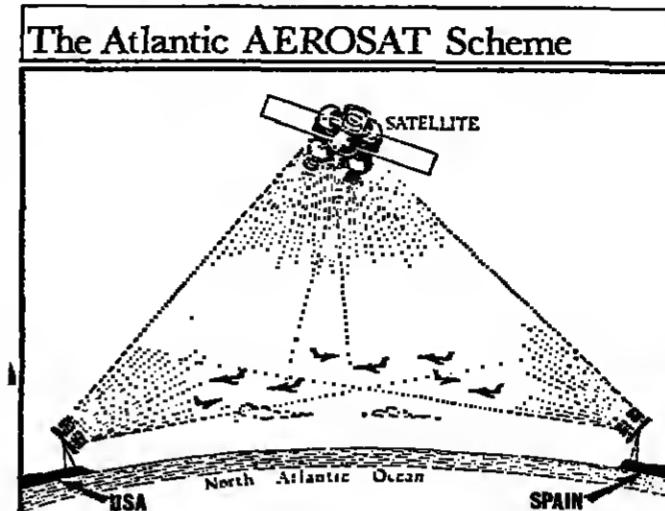
One system tested through these satellites is called "tone-code ranging," developed by Mr. Roy Anderson with U.S. General Electric. It uses ordinary voice communication channels at VHF to recall the pilot when he has strayed from his course — something, says Mr. Anderson, that will probably happen at least once during an ocean crossing.

In experiments involving a DC-8 and a KC-135 of the U.S. Federal Aviation Administration, he has shown for the first time that it is practical to locate aircraft by range measurement from two satellites with a single interrogation from the ground and a single response from the aircraft. Even at the comparatively low frequencies he uses the resolution of one-code ranging is good enough to pinpoint an aircraft within three to five miles. What is more, new aircraft such as the Boeing 747 are already equipped to receive tone-code ranging.

Agreement

Others are working on L-band transmissions, among them the French with their Biosat system, a global proposal that needs two geostationary satellites. Another is PLACE (Position Location and Aircraft Communication), worked out by NASA, which combines voice and digital links with ranging signals. TRW, meanwhile, has proposed a system that may work out cheaper to install, with three satellites in low orbit and only one in high geostationary orbit.

The technology, therefore appears well advanced. What is awaited is formal requests for proposals for an aerosat system to offer continuous high-quality communications for flights over the ocean. By getting agreement this week on how nations will manage this new form of traffic control, a joint request for proposals might emerge. Aviation Week reports, "as soon as October, or as late as next spring."



Chemical New York Corporation

And Subsidiaries Including

Chemical Bank

Consolidated Statement of Condition

As of June 30, 1971

Assets

Cash and Due from Banks	\$ 3,145,847,000
Securities:	
U. S. Treasury and Federal Agencies	746,224,000
State and Municipal Obligations	843,856,000
Other	48,898,000
Total Securities	1,638,978,000
Loans	6,135,068,000
Federal Funds Sold	228,810,000
Premises and Equipment	92,432,000
Customers' Liability on Acceptances	230,719,000
Accrued Income Receivable	80,891,000
Other Assets	125,808,000
Total	\$11,678,553,000

Liabilities

Deposits:	
Demand	\$ 5,218,865,000
Savings	578,991,000
Time	2,226,167,000
Foreign Branches	1,474,401,000
Total Deposits	9,598,424,000
Federal Funds Purchased and Securities Sold	
Under Agreements to Repurchase	722,219,000
Other Liabilities for Borrowed Money	57,364,000
Acceptances Outstanding .	

Export News

U.K. top supplier to Dubai

FOR THE first time for several years, the U.K. in 1970 was the leading supplier of goods to Dubai.

Exports to Dubai have climbed steadily from QDR3.8m. (£3.2m.) in 1966 to QDR19.7m. (£16.7m.) last year. Switzerland was the market leader in 1966, but for the next three years that honour went to Japan. In 1970, however, Japanese exports to Dubai actually declined, from QDR19.7m. to QDR16.3m.

These figures come from the Dubai Annual Trade Review, 1971, published on behalf of the Government of Dubai by External Development Services, of London. The report states that there was a slump last year in imports of some consumer goods, but this was offset by increases in construction materials, defence equipment, and other items.

U.K. shipments of arms and ammunition, for instance, jumped from QDR2.6m. to QDR15.3m. of electrical goods from QDR1.2m. to QDR20.7m., and of building materials from QDR19.9m. to QDR45.6m.

External Development Services has also introduced a Dubai Trade Statistical Service, at an annual subscription of £4.20.

Switchboards to Africa

AFRICAN orders for telephone switchboards totalling over £90,000 were announced yesterday by the Plessey Company. The biggest order is from the Ghana Posts and Telegraphs Department for over 300 private telephone exchange switchboards. Both four-pair pattern and cordless desk-top types of equipment are required, and the contract is worth over £54,000.

In addition, on behalf of the East African Posts and Telegraphs Department, a Crown Agents order for 140 switchboards for small businesses and offices in Kenya, Uganda and Tanzania has gone to Plessey.

In both cases the equipment will be manufactured at Plessey's Beeston, Nottingham, factory, and delivery will begin towards the end of this year.

Remote control sewage plant

KENT Instruments (Australia), subsidiary of the U.K. George Kent Group, has won a contract worth \$A1.5m. to equip the Melbourne and Metropolitan Board of Works' new South-Eastern sewage treatment plant. There will be complete monitoring of the plant under all operating conditions, and Kent claims that there will be improved efficiency and savings in labour costs.

\$600,000 order for Chrysler

A UNICEF order for 144 16-ton and 22 13-ton Dodge trucks, worth £600,000 with spares, has been received by Chrysler United Kingdom. The trucks, built at Dunstable, will be shipped this month to India for use in relief work among Pakistani refugees.

Moscow machine tool fair "real success"

FINANCIAL TIMES REPORTER

EXHIBITORS at the British Machine Tools Exhibition in Moscow, which closes today, are already pressing for a further trade show in the city, possibly in 1973.

This was claimed yesterday by Mr. H. O. Barrett, general manager of the Machine Tool Trades Association, which organised the exhibition.

Contracts which had been the subject of earlier negotiations have been signed, and others for machines and equipment on display are now being negotiated, he said. "Exhibitors are highly satisfied with their discussions and are convinced of the need for a further, similar exhibition.

"In terms of the enormous interest aroused and the number of visitors it is possible to claim complete success."

Prominent among visitors to the exhibition have been Ministers, Deputy Ministers, and senior representatives of Soviet state trading organisations.

Forty-three machine tool and associated equipment manufacturers have been taking part in the exhibition. Some 200 tons of exhibits, valued at over £1m., have been on show since July 22. Running parallel with the exhibition was a five-day technical symposium.

During the exhibition, the opportunity was taken to resume technological collaboration talks between British and Soviet specialists concerned with the application of British numerical control and associated equipment, and digital readout

devices, to Soviet machine tools. These discussions were first held in London in November, 1969, and continued in Moscow in January this year. As a result, technical agreement in this area has been considerably advanced.

The FIRST two Anocut electrochemical shaping machines to be exported by Herbert Boring and Drilling, of Lutterworth, a member of the Alfred Herbert Group, have now gone into production at factories in Europe. Together they are worth £75,000.

The latest machine to be delivered is due to the aerospace works of Fiat, where it will be used to produce a variety of components such as aircraft blades and housings. Herbert is hoping for a repeat order, in view of Fiat's plans to install more electrochemical machining capacity.

An earlier machine was delivered to the research department of a leading electrical engineering group for evaluation.

Electrochemical machining is a technique for producing accurate, three-dimensional complex shapes in tough alloys by electrolytic action. The DC units which power the machines are made in the U.K. by the wholly-owned subsidiary of the Chicago-based Anocut Engineering Company.

Unilever group completes pallets experiments

AFTER a 12-month trial, Unilever Export has decided to continue using a "throw-away" pallets system developed within the group.

A report from the company stated yesterday that the system would be used where it was shown to be viable, but it seemed doubtful that the point would be reached where all traffic was

shipped exclusively on expendable pallets.

The Unilever system shown in the photograph below uses a cheap wooden base, on to which the cartons are strapped. It works out about £1 a load.

Advantages had emerged on the marketing side rather than in direct cost saving. In most markets, for instance, the products arrived in better condition on pallets, with a consequent improvement in shelf appeal in the shops. Palletisation had also led to a significant reduction in pilferage, but had not eliminated damage.

The total cost for pallets and strapping, less pallet concessions, was just about offset by a reduction in transport charges due to a quicker turn around at the factory and docks, a group spokesman said yesterday.

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THE American yacht Yankee Girl, the Argentinian Matrero and the French team's largest yacht Citan V were soon out ahead of the remainder of the fleet and, after the turn in the Western Solent, were beginning the long run eastward to the turn back towards the waterfront at Cowes. Passing the finishing line for the first time to start the second circuit of the course, another triangle, a little smaller than the first, it seemed that

the race committee upheld the complaint by the Australians that the Americans had right of way at the time, insist that the crew of Cervantes failed to take avoiding action quickly enough. Apart from this incident on another front, the American yacht Sella II jammed a wire screen and came virtually to a standstill five minutes after the start.

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European News

Maltese deadline expired

By Our Own Correspondent

VALETTA, Aug. 2.—Its deadline act by Mr. Dom Mintoff, the Maltese Prime Minister, to Britain for reviving defence and financial treaties has expired. But it is unlikely that he will take immediate steps to sever the island's relations with the West.

Mr. Mintoff set his deadline after Mr. Heath before Lord Carrington could be sent to Malta to discuss Mr. Mintoff's proposals on July 20. Agreement as scheduled to be reached by August 1.

Mr. Mintoff, it is understood, ill-favoured shutting down the British and NATO bases if his manoeuvres fail. But it is unlikely he will rush into a decision. If anything, it seems that attitude has mellowed somewhat.

Reuter writes from Brussels: "The NATO Council-to-day concluded discussion of Britain's access to Malta. Alliance sources No decisions were taken and the Council will meet again later this week, probably on Thursday."

Our Brussels correspondent writes: "While NATO officials are maintaining a strict veil of secrecy over the discussions on Malta, they made it clear that at least an initial offer will be finalised by the end of the week in time for NATO's summer recess."

Our Foreign Staff adds: "The Italian Ambassador in London, Mr. Manzini, called at his own request yesterday to discuss the alliance question with Sir Alec Douglas-Home, the Foreign Secretary. No details emerged of the negotiation, but it is understood that sides are agreed on what it of stage should be adopted towards Mr. Mintoff at this stage."

Christopher Lorenz writes from Frankfurt: "The Malta Dry docks may review the services of a German adviser, according official sources in Bonn. This follows last month's visits to the top level talks of two German official delegations."

The only other likely item of operation that has so far emerged from the two visits is a section of a communiqué from Ward off smugglers from Malta's shores.

COMECON CONVERTIBILITY

PRAGUE, August 2.—

MECON has agreed to introduce—although it was not stated—free convertibility of member States' currencies based on the convertible route, according to Czechoslovak Premier Milos Strous.

In an interview with the Communist Party newspaper Rude Pravo, Mr. Strous said one of key decisions at the Comecon meeting in Bucharest last week is that "the functions of a collective currency in the socialist community would be fulfilled by a convertible rouble later."

In confronting the speculators, M. Giscard d'Estaing and the Governor of the Banque de France, M. Wocancec, have a

Japan likely to restrict steel exports to EEC, U.K.

BY OUR OWN CORRESPONDENT

JAPAN is likely to voluntarily restrict exports of steel products to Britain and the European Economic Community beginning in 1972 under a new unilateral programme now being considered by officials of the Japan Iron and Steel Federation.

It was learned here to day.

The plan would be somewhat similar to the restraints currently observed by Japanese steel companies in shipments to the American market. It is expected that the new programme would prevent the British and Europeans from developing controls of their own to protect our own interests.

Mr. Yoshihiro Inayama, president of the powerful Federation and concurrently president of the Nippon Steel Corporation, Japan's largest steel producer, returned to-day from attending the steering committee meeting of the International Iron and Steel Institute in Brussels. At a meeting with newsmen at Tokyo International Airport, Mr. Inayama expressed his opinion that such a plan is necessary to prevent disorderly exports to Europe.

Mr. Inayama and other Federation executives feel that the best way to police and enforce such a limitation programme would be to set up some sort of overseas sales organisation through which all exports to Britain and the EEC nations would pass. The body, as presently being conceived, also would monitor export prices.

France raises level of compulsory reserves

BY ADRIAN DICKS

THE FRENCH monetary authorities to-day raised sharply the levels of compulsory reserves deposited with the Banque de France in an effort to hold down the growth of the money market. It was the second time within a month that compulsory deposits have been raised in response to the strong speculative inflow of funds into France, which during July forced the Banque de France to buy \$500m.

Levels of compulsory deposits now stand at 12.25 per cent for current accounts (up 2 per cent), 15.5 per cent for savings accounts (up 1.25 per cent) and 3 per cent on the volume of credits issued since the end of March (up 1.5 per cent).

The operation is expected to mop up about Frs.4,000m. from the monetary system, and the authorities hope this will offset the inflationary effects of the inflow of funds from abroad, which helped swell the money supply by 2 per cent in May.

The next step in the French Government's policy of standing firm on its refusal to revalue the franc is expected to be announced this week in the form of an easing of exchange controls as they affect the export of capital.

It is now clear that the private debate over revaluation in French Ministerial and official circles is over and that Finance Minister Giscard d'Estaing, whose primary concern remains the problem of domestic inflation, has won the day against those officials who had earlier argued that the franc should be allowed to move upwards.

In confronting the speculators, M. Giscard d'Estaing and the Governor of the Banque de France, M. Wocancec, have a

Federation has admitted that in some cases Japanese steel has been finding its way to Britain and the EEC regions at low prices which tend to upset the local markets. Some steelmen here feel that much of the recent growth in steel shipments to Europe is attributed to this factor. "We do not want this to occur if it is going to bring demands for local legislation," said one Japanese steel leader.

The Federation president, Mr. Inayama, has reported that in private conversations with British and European steelmen he was asked to remind officials of the Japanese steel industry that some restraints in exports are called for under the circumstances.

Six seek restrictions

BY OUR OWN CORRESPONDENT

BRUSSELS, August 2.

COMMON MARKET steel manufacturers are preparing for negotiations with the U.S. with a view to renewing the existing agreement on voluntary restraint of exports. But there have been made it clear that the possibility of a new agreement is closely linked to an assurance that Japanese steel companies will not divert their exports to the EEC nations would pass. The body, as presently being conceived, also would monitor export prices.

Belgian dual rates may be insufficient

BY ADRIAN DICKS

PARIS, August 2.

A WARNING to Belgium that its recently tightened dual exchange rate system may not be sufficient to avoid further inflows of unwanted short-term capital comes in the regular annual survey of the Belgium-Luxembourg economic union just published by the Organisation for Economic Co-operation and Development.

The private, many French officials now accept the inevitability of a German revaluation should the D-Mark return to a fixed parity, and they are not un-sympathetic to the Germans' position. If, as now seems probable, such a revaluation were of the order of 6 per cent, the strain on the franc would remain considerable.

France helps computers

BY ADRIAN DICKS

PARIS, August 2.

THE FRENCH Government has reached agreement with the largest remaining French-owned computer manufacturer, Compagnie Internationale pour l'Informatique, on the terms of a new round of financial assistance designed to strengthen the company's position on the French and European markets.

News of the agreement—which comes within the first six months of 1971 on the Frankfurt Foreign Exchange market at between DM3.4605 and DM3.4609, equivalent to a D-Mark revaluation of 5.8 per cent. The demand for dollars surprised some market sources as the schedule of three-month deliveries to the Bundesbank have come to an end.

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PARLIAMENT



Noisy end to UCS debate Davies: investment the real problem

BY JUSTIN LONG, PARLIAMENTARY CORRESPONDENT

Rejecting the Opposition demand for a select committee to inquire into the Upper Clyde crisis, Mr. John Davies, Secretary for Trade and Industry, yesterday stood firmly by his announced decisions for the future of the yards. Disclosing his intention to visit Clydeside today with Mr. Gordon Campbell, Secretary for Scotland, for discussions in Glasgow's City Chambers "with representatives of all concerned," Mr. Davies gained a quiet bearing than had been expected in the Commons emergency debate on the situation.

Vehemently denying the callousness

imputed to him by the Opposition over the prospective unemployment on the Clyde, the Minister insisted that the real problem was to increase investment and that to do just that.

But from the Opposition front bench, Mr. Anthony Wedgwood Benn and Mr. William Ross delivered scathing indictments of Mr. Davies, of Mr. Heath and of the Government, accusing them of taking a politically motivated decision that could lead to a total spread of unemployment for perhaps 15,000 men. The debate wound

to a noisy close with the two sides of the House clashing on the facts and on the needs of the situation.

In the Opposition view the Government solution made no industrial sense and showed no social responsibility. In the Government's opinion, the Labour Administration—Mr. Benn in particular—had assembled in UCS an ill-assorted group doomed to failure. Now the grim, economic realities and £3m of debts had to be faced if there were to be any possibility of future expansion. It was an assessment that brought angry interruptions

MR. JOHN DAVIES thanked Mr. Benn for referring to the "recent distressing events which took place at my home."

There were shouts of protest from the Opposition when he added: "One thing which has distressed me greatly in the last few days has been that in any sense I personally would have lacked sympathy for the situation which has arisen. I think anyone who knows me would very very readily recognise how unlikely that is."

Irrational

"I have always taken the view, and took it no less last week, that expressions of sympathy are one thing, but that real steps are another in order to alleviate the situation."

He would try to elucidate rather more of the practical steps which were available and had been put to the Government, how they were devised and the reasons that the Government decided to adopt them.

He also wished to review some of the background of the cost of that the responsibility could be fairly attributed where it correctly lay.

Mr. Davies said he had been astonished to read some of the remarks about the expert group which had advised the Government. "They are, after all, from my point of view a very fine lot."

Mr. Davies said it seemed to him irrational to say that this group of people, three of whom were Scottish, had considerable and personal interests in the interest of Scotland, had devised what had been called a politically motivated report. "This seems to me to be utterly divorced from any reality," he added.

Referring to the "so-called Ridley report" Mr. Davies said that as far as he was concerned he had heard of it for the very first time last month in The Guardian. He did not see how it could be argued that he was influenced by it.

The prospects of improvement were poor because the shipbuilding industry was in considerable difficulty. The prospect of bringing in a considerable degree of new orders was very remote.

He said he understood and sympathised with the action the men were taking in UCS.

"I understand the emotions of dismay and shock, but I am quite sure they are making a fatal mistake, and they are doing things which will lead, in the end, to their own disadvantage."

"I greatly deplore what Mr. Davies has been doing in inciting the men to take this action."

When Labour MPs shouted at him "Why don't you go there?" Mr. Davies replied: "It may interest you to know that it is my intention to go there to-morrow. I look forward to going there with the Secretary of State for Scotland, Mr. Gordon Campbell, to talk to anybody who reasonably and sensibly wishes to see the activity of shipbuilding pursued on the Clyde."

On the physical content of the yards themselves Mr. Davies

materialise the impact of the UK failure was going to be "very grave indeed." Whatever happened there would be serious consequences and ramifications on the Clyde.

"I deplore it as much as anybody but I believe what has been put forward is the best proposal in the circumstances."

The real problem was to increase investment and the Chancellor's measures were destined to achieve this. "The first issue to be faced is to get the management situation right. Until that is done all the rest the problems become secondary."

"The first thing I shall therefore look to is to find adequate management to replace what has been in the past inadequate management."

Mr. Davies said the sympathy and understanding he had in the people of Clydeside did not extend to Mr. Benn.

"I think he has been, in some sense, the evil genius of this building, as indeed the genius of a number of other industrial ventures in this country. He sponsored and encouraged the whole ill-fated venture. He was behind the whole operation that saw the assembly of a very ill-assorted group into the Upper Clyde Shipbuilders."

"Fortunately he failed, entice Lower Clyde shipbuilders into the consortium and if he had not extricated Yarrow earlier this year, we would have had a catastrophe on the Upper Clyde much more serious than the one we have to-day."

This ambrosian concern has been loaded with every form of accruing liability, many of which were taken up well after the company was formed. No orders were taken at price which, even in 1968, were showing manifest losses to come."

"The management for whom Mr. Benn was responsible, failed absolutely to devise adequate methods in all sorts of parts of the business venture."

Influence

Mr. Benn intervened: "There is any truth in any of what you say about my party, why do the Government not agree to select committee to investigate the matter?"

Mr. Davies said: "You cannot escape your responsibility. It is there and I am bound to say that your present behaviour is an affront to all that has gone before."

"The record has been greatly mis-stated by you that simply has to be put straight." The real need now was to get what could be effective reinstated, out of this "dreadful disaster."

"I am quite convinced that the report we have before us is sensible and practical document which we would be wise to try to get implemented."

"I would very much enjoy all Members here and hope who can bear influence in this matter to try to bring it about

Sir Alec ready to visit China

THE FOREIGN SECRETARY, Sir Alec Douglas-Home told MPs yesterday that he would very much like to visit the People's Republic of China at some time convenient to the two countries.

The Foreign Secretary was replying to questions about China's admission to the United Nations, during which Sir Alec had said that he very much doubted if the "important question" motion would be moved this year.

Further progress

Sir Alec told Mr. Frank Allam (Lab., Salford East): "I think we shall be faced with another motion of a different kind as yet unframed."

He said Britain had consistently voted for the Albian resolution to seat Communist China but there was only one seat for one country in the UN organisation. Britain's relations with China had shown a recent improvement which was welcome.

"We are anxious to make further progress. Discussions about the exchange of ambassadors which have taken place between the British Government and the People's Republic of China were resumed earlier this year and are continuing."

Mr. Denis Healey, "shadow" Foreign Secretary, said he understood there was one other major obstacle to the restoration of full diplomatic relations—the Government's maintenance of a consulate at Taiwan. "Is any change in this position contended?" he asked.

Sir Alec told him: "The consulate is not accredited in the Government of Taiwan. At the moment I would rather not add anything to what I have said just now."

Rhodesia

On the question of Rhodesia, Sir Alec said he would have to be quite certain, before meeting any official representatives of Rhodesia, that they were talking the same language.

"I am not quite sure yet," he added.

Earlier he said that Britain was still seeking to ascertain whether an acceptable basis could be found for negotiation of a settlement on the five principles. For this purpose there had been exploratory talks with the regime.

Mr. Patrick Wall (C. Hartlepool) asked when the talks would reach Ministerial level.

Sir Alec said he hoped Lord Goodman would be able to have another meeting which would take matters further, but he was in discussion with the Rhodesian Government about this.

Planning role for aviation authority

PROVISION for future planning of airports by the Civil Aviation Authority was added to the Civil Aviation Bill when it received its third reading in the Lords yesterday.

Lord Beewick, from the Opposition front bench, had moved an Opposition amendment making similar provision but said he would be glad to withdraw it if it were covered by a Government amendment.

Lord Sandford, Under Secretary of State for Environment, said the Government accepted that advice about aerodromes "in the sense of drawing up what is generally referred to as a national airports plan is a matter of sufficient importance to merit specific mention in the Bill."

Lord Beewick said it seemed odd that the Government should have left it to the last stage of the Bill in the second chamber before inserting anything about the planning ahead of airports.

"However, better late than never," he said.

Defeat

THE GOVERNMENT was defeated by four votes in the Lords on an amendment to the Housing Bill.

An amendment by Lord Dernford which provides that financial assistance for house improvements should be available irrespective of when the application was made for such assistance, was carried by 86 votes to 62 during the Bill's committee stage.

BTA PUBLISHES MUSEUMS GUIDE

A new guide book to nearly 1,000 exhibits in London's museums has been published by the British Tourist Authority. The 30-page booklet, "National Museums in London," lists exhibits most likely to be of interest to visitors. Sections deal with 100 things to see, 100 famous names, countries, civilisations and styles, and details of how to get to museums and their opening hours.

National Museums in London is available (price 25p, including postage) from the British Tourist Authority, 64 St. James's Street, London, S.W.1.

Benn: Government wasting assets

OPENING the debate Mr. Benn said: "I would like, on behalf of the whole House, to express my congratulations on Mr. Davies for having escaped injury in the bomb attack upon his house.

"I am sure that MPs would

also wish to be associated with sympathy for the woman hurt in

the attack and denounce in strong language any attempts to

solve our domestic problems by violent means."

Report

Mr. Benn said the Government's decision announced on Thursday would have the effect of creating on Clydeside a disaster area, even worse than that to be found in the areas of highest unemployment in Northern Ireland.

The Government had justified this decision by reference to the advisory group report issued as a White Paper which, he said, was the most inaccurate and misleading presented to Parliament for many years.

It was not true to say, as was claimed in the report, that the initial structure of UCS was "totally mistaken."

If the report was true, and it was not, the Government should lay all the responsibility on the last Labour Government. "The plain truth is that in 1965 British shipbuilding as a whole was on the point of collapse.

Mr. Benn said he had not intervened to save Fairfields it would not be possible for the Government now to come forward with a proposal based on Fairfields as the centre of a shipbuilding group.

The Government of the time had supported the formation of UCS for employment reasons—there were 13,500 men working in the yards of Upper Clyde, supported by another 20,000 in specialist industries.

The possibility of 30,000 jobs disappearing was quite unacceptable to us. We were not prepared to see men rotting in Clydeside if there was a possibility of having a viable group there."

"On any cost-benefit study of the alternative of allowing the men to rot, or building the new group, it made a lot more sense to go for UCS than let the men be paid by the Government to do nothing."

Support

Other shipbuilding companies throughout the country are directly endangered by the fact that this Government is the only one of any advanced country now giving no support whatsoever to its shipbuilding industry.

Between £5m, and £15m, would have to be paid by the Government in redundancy pay and unemployment money. There would have to be capital for the new company and money to the liquidator.

"It looks to me as if the Government has embarked on a policy involving the expenditure of between £22m, and £49m, in lieu of giving the £5m. UCS required to maintain itself in June of this year."

The men on the Clyde had decided to fight for support instead of being put on the scrap heap. "No one—not a single member of the Cabinet has had the guts to go to the Clyde to tell the men of the decision they have made."

"The men are not striking, they are working and I support 100 per cent their decision to work in the yards in protest against the action the Government is taking."

The men were also being supported by the unions, the local authorities and the Churches in Scotland. Over the years he had seen the labour force in Clydebank turn from a "demoralised

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group item was bound to be the so-called Ridley Report, printed in The Guardian, and written before the election in 1969 in which Mr. Nicholas Ridley knew Under-Secretary Trade and Industry had made four recommendations.

The first had been to give no more money to UCS, the second to allow Yarrow to leave UCS if it still wanted to, and third, at the bankruptcy of UCS, to put it in a "Government butcher" to cut up UCS and sell it off cheaply.

Finally, after liquidation or reconstruction, the Government should sell off the yards held in UCS if that was possible.

From October to February 1970, 80 per cent of payments due to the group—amounting to £83m—had been withheld on the orders of the Secretary of State.

The day on which the development announced to UCS that it was going to resume these payments was February 3. Had it not announced it on February 3—the bankruptcy would have been announced on the same day—February 4—as the bankruptcy of Rolls-Royce?

"Even it was unable to contemplate the bankruptcy of Rolls-Royce and UCS on the same day."

Mr. Benn said 5,000 to 6,000 men could be directly affected on Clydeside. If they allowed a ratio of two-to-one in relation to the supply industry, there could be something like 15,000 people made redundant by the Government's decision.

In Clydeside about one in three people worked in UCS and the local authority received £100,000 in rates a year. Housing subsidies would have to be paid to the unemployed.

Many shopkeepers would also be affected. Steel workers on Clydeside were also faced with redundancy and a total of £40m, gross trade was to be taken out of the Scottish economy.

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Epitaph

"The charge that I make on behalf of the Opposition to-day is a very grave one. It is that the Prime Minister and the Government were determined to destroy UCS from the start."

It consistently misled the House as to the facts and the intentions of the Government. It is wasting priceless assets—the skill of the people who work in UCS and at a far higher cost to the public funds than would be necessary if the experiment was allowed to continue.

The Government is deliberately sentencing thousands of people to a slow living death of long-term unemployment in the wasteland of West Central Scotland which the Government has decided to create.

"The Prime Minister's epitaph will he that he is the man who forgot the people, and the people will never forgive him for that."

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Other Overseas News

Anglican Dean pleads not guilty

By Our Own Correspondent

JOHANNESBURG, Aug. 2.

THE ANGLICAN Dean of Johannesburg the Very Reverend Greville French-Beytagh pleaded not guilty in Pretoria today to charges under the Terrorism Act. His counsel, Mr. K. Kentridge, rose shortly after the start of proceedings of the summary trial at Pretoria's Old Synagogue to say that three applications were to be handed in. These concerned a change of date of the trial, the commission of certain charges in England, and the question of a certain statement.

Referring to the Defence and Aid Fund in London, Mr. Kentridge said the Dean admitted owing out money, but claimed he had done so to "alleviate the distress of politically detained people and, on occasion, to pay for their legal defence."

In his opening address, Mr. Liebenberg for the State alleged that money from the Defence and Aid Fund had been used to help the National Union of Students to finance the entire trial of Mrs. Winnie Mandela, wife of Nelson Mandela who is serving a life sentence on Robben Island, her people to benefit from the money, he said, included Mrs. Helen Joseph and Father Cosmas Esmond for his book "The Disgraced People". Mr. Liebenberg said that over the years the Dean had paid our Rand 50,000.

Mr. Liebenberg alleged too that the Dean was impressed with the methods of the Black Power movement in America in their fight against the whites. The Pan-Africanist organisation had used the slogan "one man, one gun," according to Mr. Liebenberg, the Dean said that placing guns in computers would cause chaos in commercial life and that the black Sash would achieve nothing as long as it operated within the law.

Among the charges against the Dean are that he possessed pamphlets supporting the violent overthrow of the State; encouraged people at a certain meeting to bring about changes in South Africa by violent means; and prepared written statements for the propagation of a certain revolution.

Warsaw Pact condemns Sudan "reign of terror"

MOSCOW, Aug. 2.

COMMUNIST Party leaders of the Soviet Union and six Warsaw Pact nations held an announced summit conference in the Crimea to-day and condemned the "reign of terror" in the Sudan, the Tass News Agency said.

The brief report of the summit said the seven Communist leaders happened to be on holiday in the Crimea and met to discuss a wide range of questions including Comecon, the European Security Conference and disarmament talks.

They included Leonid Brezhnev and President Podgorny of the Soviet Union, Janos Kadar of Hungary, Todor Zhivkov of Bulgaria, Edward Gerek of Poland, Gustav Husak of Czechoslovakia, Eric Honecker of East Germany, and Yumzhang Tsedenbal of Mongolia. President Ceausescu of Romania was the only party leader absent.

The highpoint of the Tass report was a strong condemnation of the Sudan Government, in which the six Warsaw Pact countries endorsed the strong line taken by the Soviet Union.

It said: "The participants expressed serious alarm over the reign of terror unleashed against the Communist Party and other democratic organisations in the Sudan. They strongly condemn the lawlessness and arbitrariness perpetrated by the Sudanese authorities, which is exploited by the forces of imperialism and reaction against the interests of the Sudanese people."

The statement foreshadows a major split between the Communist bloc and the Sudan and may have serious repercussions on the Communist bloc's relations with other Arab countries. Egypt announced "complete support" for the policies of Presi-

dent Nimirai to-night and its rejection of any form of interference in Sudan's domestic affairs." The announcement was made on the semi-official Middle East News Agency.

Richard Johns writes: President Nimirai's Government announced to-day that Mr. Mikhail Orlov, the second senior Russian diplomat in Khartoum, and Mr. Stoyan Zaimov, the Bulgarian Ambassador, have been ordered to leave the country within 72 hours.

In declaring them *persona non grata* and expelling them, President Nimirai appears in the first instance reacting against what his Government has described as the "biased" campaign by the East European Press against the execution of Marxist leaders in the Sudan.

Khartoum has described it as "a

hostile act and an unjust intervention in a domestic matter."

But he may be preparing the ground for accusing the Soviet Union and Bulgaria of having collaborated actively in the July 18 take-over through their embassies in Khartoum.

The fact that Mr. Anatoly Nikolaev quickly made contact with the leaders of the short-lived coup is resented by President Nimirai and his loyal "Free Officers."

The decision to order the diplomats out of the country was apparently taken at the same Revolutionary Command Council meeting that decided on the recall of the Sudan ambassador accredited to Moscow and Sofia.

On Thursday President Nimirai said that there was then no proof of involvement by any foreign power, but that an investigation was taking place.

THE POPULAR Front for the liberation of the Occupied Arabian Gulf (PFLOAG), which is leading an armed rebellion in Dhofar against Sultan Qaboos of Oman, is to form a Marxist-Leninist political party to lead the leftist struggle in the Arabian Peninsula and in the Gulf region in co-operation with the National Liberation Front in Southern Yemen.

This was one of the main decisions adopted by PFLOAG's annual congress held in Dhofar late in June. A statement issued by the congress was published in leftist newspapers here to-day. It declared that "the main

mission at present is to expand the armed struggle and double the number of strugglers taking up arms."

The conference decided that all property in the "liberation areas" in Dhofar is to become "public property" where Agrarian reforms are to be applied, slavery to all its forms in these areas is to be abolished.

In another declaration, PFLOAG strongly condemned the newly-established federation of six Gulf emirates and declared that its rebels along with other "strugglers" in the region will seek to destroy it.

A HIGH LEVEL meeting was held in Islamabad this morning to map out plans and consider if there could be an early repatriation of Pakistani refugees.

If a decision is taken to quit the Commonwealth, the meeting was attended by senior officials from the Foreign, Home, Commerce, Industries and Economic Affairs Ministries and the Planning Commission.

An official statement issued after the meeting said a decision would be taken soon. The decision to quit the Commonwealth, I understand, would be

for a gradual withdrawal. Pakistan may first of all order the closure of British Council offices throughout the country, followed by the closure of British Information Services offices.

Ultimately the demand might be made that Britain reduce the staff in diplomatic missions and then bring the number of British diplomatic missions in Pakistan to the same level as Pakistani missions in the United Kingdom.

NEW DELHI, August 2.

Our New Delhi Correspondent writes: External Affairs Minister Swaran Singh and Defence Minister Jagjit Ram to-day took note of "warlike preparations" by Pakistan and told Parliament that adequate pre-cautionary measures were being taken by the Indian Government.

As tension between two countries heightened as a result of threatening statements recently by Pakistan President Yahya Khan to reporters, Mr. Singh said that the country concerned

had not answered India's query on the matter and Burmah Shell quoted an unusually high price.

Overseas investment in the aluminium smelter at Bimlif was the major contributor to the capital account.

Reuter

KARACHI, August 2.

Singh said that if Yahya made the successor of East Bengal freedom fighters an excuse for starting a war with India "undoubtedly our defence forces will give befitting reply."

Mr. Singh issued a statement that ESSO did not answer India's query on the matter and Burmah Shell quoted an unusually high price.

Indian Oil had now found supplies of fuel oil at a "reasonable price" but Mr. Singh did not disclose the country concerned.

Pakistan looks at British links

BY OUR OWN CORRESPONDENT

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Reuter

Norman & Bennet Limited

established 1924

DISCOUNT BROKERS

Current Assets £39,496,560
at 30th June, 1971

Dealers in: Treasury and Bank Bills.
Starling Certificates of Deposit.
Short dated British Government and Local Authority Bonds.
Call and Short Notice money.

5 Fenchurch Street, E.C.3. 01-626 6351

INTERIM STATEMENT

CHARLES ROBERTS & COMPANY LIMITED

HORBURY JUNCTION, WAKEFIELD

INTERIM REPORT—FINANCIAL YEAR 1970/71

Group profits, which in the case of the half-year ended 1st April, 1971, are subject to audit, are as follows:

	Half-year ended 31st March	Year ended 31st March
Trading Profit before Depreciation	207,866	172,917
Deduct: Depreciation of Fixed Assets	76,712	74,364
Trading Profit	131,154	98,553
Add: Income from Rents, Investments, Bank and Other Interest	3,235	2,808
Interest on Bank and other Short Term Borrowings	133,479	101,361
Profit for the Half-Year	126,941	83,628

TAXATION—As a result of past losses it is not anticipated that there will be any liability to taxation on the profit for the half-year ended 1st April, 1971.

DIVIDEND—The Board anticipate being able to recommend a dividend of 14% for the year.

R. MURFITT LIMITED—Since the end of the half-year we have acquired the share capital of R. Murfitt Limited of Wishaw Associated British Mailsters Ltd. for the value of the plant and stock required by us to carry on the business of manufacturers of aluminium road tank and bulk carrying vehicles for the conveyance of powders and animal feed-stuffs.

HALF-YEAR'S TRADING—The profits emerging from the half-year reflect a useful increase over the figures of the comparable period of last year. With a continuation of the present level of activity, the results for the year should show further improvement.

CHINA

Professionals on stage again

BY COLIN MACDOUGALL

PRESIDENT NIXON's enterprise to get himself invited to Peking is a real breakthrough, and so is China's ready response. China's outward face these days is remarkably urbane, and even at home the eddies from the Cultural Revolution are beginning to die away.

A year after unofficial reports from Peking said that a meeting of the National People's Congress was imminent, it has now apparently reached the final planning stages and should soon take place. All but four of the major provincial Communist Party committees (which are the highest policymaking bodies in each area) have been re-established after the Cultural Revolution debacle. Admittedly they did not meet the target date of July 1, the fiftieth anniversary of the foundation of the Chinese Communist Party, but still the bulk of rehabilitation has been done.

The trend appears to be strongly in favour of a moderate line at home as well as in foreign policy: there has been some deadly fighting at top levels, both in Peking and in the provinces, but the centre rather than the Left has clearly won.

The conference decided that all property in the "liberation areas" in Dhofar is to become "public property" where Agrarian reforms are to be applied, slavery to all its forms in these areas is to be abolished.

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Reuter



Mr. Chou En-lai

alliance" of military, officials and the "masses"; but of an alliance of old, middle-aged and young, a formula which cuts out workers, peasants and students. At the grass roots, party rehabilitation is also progressing, and may well be achieved in another few months. Low-level party leaders have been put through their paces in order to reform their attitudes, although in most cases there cannot have been much doubt of the eventual outcome as Peking's message over the last two or three years has been that only a fraction of the old officials were really bad. Most of them could be, and have now been, reformed through a spell on the farm or the work-bench, and are resuming their old jobs.

As the Leftists leave the Peking stage, it is taken up more and more by the bureaucrats. At the bulk of these is Premier Chou En-lai, who controls all domestic affairs, even though shorn of the army, must be much greater than the Cultural Revolution. Chairman Mao has withdrawn from the conduct of daily events. Previously Chou had presumably been reckoning with the head of state, Liu Shao-chi, and other important figures who vanished in the tumult; he was also surrounded by a powerful team of administrators such as former Ministers Chen Yi (foreign affairs) and Li Fu-chun (planning).

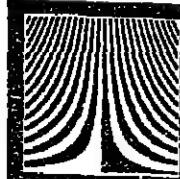
To-day he dominates the entire Government, and works with a younger, much less influential team. His power in the last analysis depends to some extent on the army, but throughout the Cultural Revolution and later, the military backed up the moderate line, and he and they seem to share the same goals. In the army, with the possible exception of Vice-Chairman Lin Piao, Minister of Defence and Mao's designated successor, there is no-one to touch him for prestige, and Lin himself is a shadowy figure whose decree of unknown, if not unknown, influence is unknown. It is probably Chou En-lai who wielded most of the power in China to-day, and if Nixon's visit to China is a success, it will be a triumph not just for the American President but for the Chinese Premier.

Indonesia's stability creates problems

BY OUR OWN CORRESPONDENT

THE PROGRESSIVE disappearance of price inflation in Indonesia during the past half year is forcing the Government to revise monetary policies so as to increase official revenue.

The official 62-item Cost of Living Index has been static for the past six months and although the validity of the index has been questioned on the ground that



The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOUTERS

• RESEARCH

Solid-state clock

A solid-state electronic clock with no moving parts at all has been developed by Motorola Semiconductors as part of a research programme designed to stimulate advanced applications and manufacture in the watch and clock industry.

Instead of hands there are two circles of tiny light-emitting diodes (gallium-arsenide-phosphide) which directly convert low-level direct current into bright red light. An outer circle of 60 lamps indicates minutes and seconds, and the inner circle of 12 lamps shows hours. This arrangement only requires three lamps to be lit at any one time, minimising the current drawn to the extent that two small batteries can drive the clock for a year before replacement.

A quartz crystal is used as the timing element to generate pulses which drive integrated circuits that switch the lamps.

Great time-keeping accuracy is consequently obtained and in addition, since the electronic components used are hermetically sealed to be impervious to knocks, vibration and dirt, the need for periodic maintenance and cleaning is eliminated and the clock is claimed to be highly reliable.

Motorola expect that a fully integrated circuit in which a single monolithic unit contains all the circuitry except the quartz crystal and the diode lamp, will be available for use in clocks within a year.

Temperature test chamber

Primarily designed for the testing of large transformer assemblies, the Model ZFK 31152 temperature test chamber now available from Avo, Archcliffe Road, Dover, Kent, can accommodate assemblies weighing up to 2,000 lbs and with approximate dimensions of 6 feet x 3 feet x 3 feet.

The chamber has an internal working volume of 7½ feet x 4½ feet x 4½ feet and a temperature range of -50 degrees C to +200 degrees C. The associated instrumentation is complete with an automatic programme recording controller for the cycling function.

The chamber is manufactured by Associated Testing Laboratories of New Jersey, U.S.

Magnetic materials tester

An instrument that enables ferro-magnetic materials to be tested for hardness, composition, heat treatment and other parameters by comparing the magnetic properties with a known sample, has been put on the market by Wells-Krautkramer of Blackhorse Road, Letchworth, Herts.

The reference specimen and the test part are inserted into a comparator coil and a test coil respectively. Then, working on a chosen part of the B-H curve, current is applied to the coils at

10 Hz—a frequency that will ensure a substantial depth of penetration of eddy currents. The magnitude of resultant differential voltage is then a measure says the company, of certain physical properties depending on the part of the B-H curve chosen.

For instance, if heat treatment was under examination, the equipment would be set to work at the saturation part of the B-H curve.

Known as the Magnatec Q.P., the equipment is made by Forster in West Germany. Coils from 2 mm to 50 mm are available, and special diameters and coil shapes can be supplied, for instance for use with sheet metal. Also available is a monitor for semi-automatic sorting. In conjunction with a mechanical sorting system, high speed fully automatic sorting and culling into three groups is possible—for example soft, correct hardness, and too hard.

• COMPUTERS

Technology program directory

THE European rights to "Computer Programs in Science and Technology" (CPST), a computer program directory developed specifically for scientists, engineers and research directors, have been secured by Peter Peregrinus of Stevenage, Herts, from Science Associates, International of New York.

CPST is designed as an "idea catalogue" to show how others

• INSTRUMENTS

Monitors computer rooms

A COMBINED temperature and humidity recorder with audio and visual alarm systems has been introduced by Eaton-Williams Products for use in

computer rooms and similar applications where close environmental control is necessary.

The self-contained installation produces a continuous circular chart record of the temperature and humidity each in a different coloured ink. An electronic alarm system is controlled by high and low limit arms on the recorder chart face. Warning is given by an audible alarm, while neon indicators signal mains supply on air conditioning fault, and high or low temperature or humidity.

The standard unit provides one

revolution of the 10 in recording disc in seven days, but one revolution in 15 or 24 hours can be supplied on request. Provision is made for fitting sensing elements into the case of the recorder to produce a single fully self-contained unit.

SR, these methods are not always reliable and it has introduced a system called Cable Scan which, it is claimed saves substantial production costs in wire assembly by eliminating errors and reducing termination time.

The system can be used with stripped or unstripped wires. It can be used to identify a wire to its terminal and in helping inspectors for continuity or shorts.

The equipment contains 200 signal inputs on four connectors, each with 50 contacts. Contact of the signal output or earth connection to any input produces a three digit reading display on a glass screen. The operator assigns numbers from 001 to 200 to the wires or terminals in the cable or harness assembly that is to be fabricated, and these are connected to the respective Cable Scan inputs via an adaptor cable.

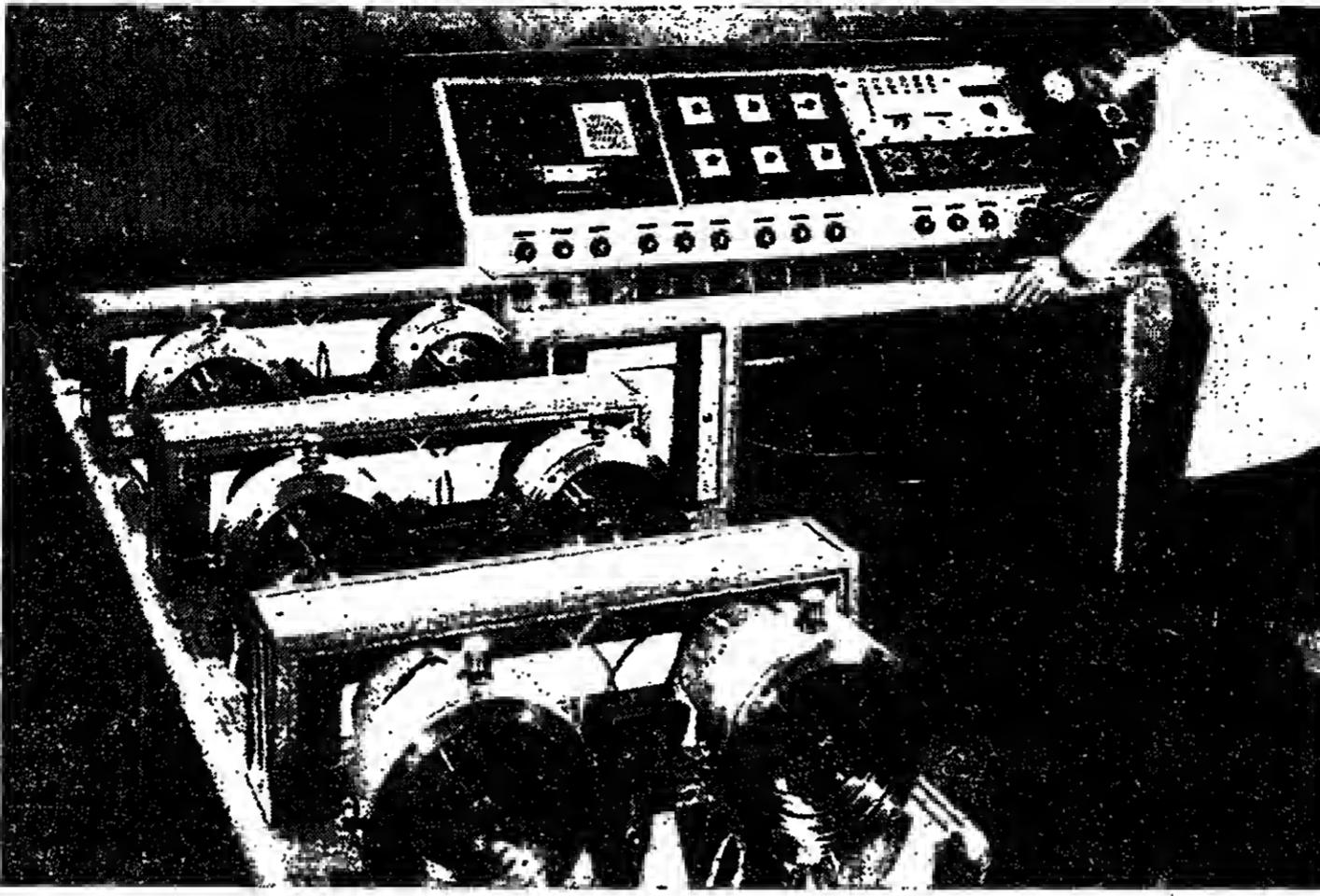
A special wrist strap is worn by the operator to provide a very small signal from the resistance earthed output jack through a flexible snap-on lead wire. This enables the fingers to be used as a probe, and avoids the need for any additional clips, probes, or connectors.

The system is designed to detect thunderstorms as much as 10 miles away.

The light-sensitive cells will detect lightning reflected from clouds even when it is too faint to be seen by human eyes. The instrument was built by the Institute of Mining and Technology, Socorro, N. Mex., U.S.A. for its study of thunderstorm processes.

The cells are wired so they will respond to the quick changes in light intensity caused by lightning.

WIRE in large bundles can be identified by colour coding, number stamping, tagging, or "ring out" methods using buzzers. According to Thomas Betts International of 90-93 Cowcross Street, London EC1M



have used the computer to solve their problems.

It covers agriculture, automation, biological sciences, chemistry, earth sciences, electronics, engineering, instrumentation, materials, mathematics, medicine, operations research, computer science, and physics, among others.

CPST, to be issued quarterly, contains some 300 new and different program descriptions to each issue. Programs are indexed exhaustively by keywords selected from program titles, descriptions, subject areas, possible applications and acronyms in order to provide maximum accessibility. Entries are arranged alphabetically by institutional source and contain title, author, general description, status, hardware and software

specifications, special requirements (if any), availability data and contact for additional information.

Automation in steel making

VARYING speed and temperature of steel strip in rolling mills requires experience and quick decision in control of the water sprays used for cooling.

The job has now been taken over by a computer in the new Burnside Harbor plant of Bethlehem Steel, Bethlehem, Penna., U.S. Inputs are the speed of strip, its acceleration as the rolls are brought up to normal speed, and the temperature of the emerging metal.

These variables are fed into the computer where complex heat transfer equations have been stored. The computer takes the result of the equation solution and converts it into control instructions for the water sprays. In addition to deciding which and how many sprays are to be used, the strength of the water pressure is also fixed by the computer.

The overall improvement in the results of the Group is the outcome of the continuous effort that has been made by the staff and operatives throughout all divisions, both at home and overseas, and I am sure they will be greatly encouraged by the improved profit showing through in the latter six months. On behalf of the shareholders I would like to offer them our warmest thanks for what they have achieved.

During the year Mr. A. P. Curn tendered his resignation which the Board accepted. I should like to place on record our appreciation for all his services to the Group.

Demand from both home and export markets is currently running at a high level. To encourage this demand further, we have developed new product ranges of decorated tiles for introduction during the coming months. This will strengthen our position vis-a-vis competitive materials.

Thanks largely to the efforts of our New York based Marketing Company and despite a technical finding of dumping in relation to a small proportion of our sales to the United States—a situation which was promptly remedied—we are finding it difficult to satisfy the United States demand for our products.

So far as Europe is concerned, steps are being taken to strengthen our marketing organisation on the Continent, notably by increasing our direct participation in the market. As a first step a wholly owned subsidiary marketing and distributing company has been established in Sweden and has now commenced trading.

The overseas factories have generally had a satisfactory year and in all cases have expanded their productive capacity. I am pleased to report that the South African factory has again increased both its sales and profits, and the current trading conditions and prospects remain good.

In Australia we have continued to face heavy competition from imports, but, due to our confidence in the longer term prospects in this market, we are currently engaged in a substantial programme of capital expenditure on plant and equipment which when completed will contribute significantly to the reduction of manufacturing costs. We are also engaged in a vigorous marketing programme which includes the introduction of Do-it-Yourself tiles to the Australian market and the initial response to this product has been excellent.

In Canada the severe competitive pressures under which we have been working show some signs of easing and, equipped with this, improvements in manufacturing processes and in distribution should show benefits in the current year.

During the year our Associate Company in Greece completed the first stage of their factory

Review by

Mr. Derek H. Johnson

Extract from 1971 Group Accounts

	1971	1970
Group Profit before depreciation	£2,805,298	£2,364,958
Net Profit after Taxation	£824,067	£528,782
Ordinary Dividends (Interim & Final)	16%	15%
Preference Capital	£178,370	£178,370
Ordinary Capital	£1,795,271	£1,795,271
Reserves and Undistributed Profits	£9,421,311	£9,247,438

extinctions. The new production facility came on stream in May of this year and the increased productive capacity of the Company has been matched by an increased demand for its products.

In India our policy of steady expansion and growth has been continued and I can report another year of successful trading. Our Associate Company in New Zealand has also continued to develop demand for its products and has expanded its capacity accordingly.

The overall improvement in the results of the Group is the outcome of the continuous effort that has been made by the staff and operatives throughout all divisions, both at home and overseas, and I am sure they will be greatly encouraged by the improved profit showing through in the latter six months. On behalf of the shareholders I would like to offer them our warmest thanks for what they have achieved.

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THE QUEEN'S AWARD TO INDUSTRY 1970

to take part in more than six surveys a year. Normally members will be asked to complete a questionnaire but on some occasions some may be interviewed by an Urwick Dynamics consultant.

No panel member will be asked to take part in more than six surveys a year. Normally members will be asked to complete a questionnaire but on some occasions some may be interviewed by an Urwick Dynamics consultant.

Lightning detector

The Institute's study is to learn why electricity is current in thunder clouds. The current theory is that ice crystals have a positive charge and water droplets are negative, building up a potential in the cloud.

The system can be used with stripped or unstripped wires. It can be used to identify a wire to its terminal and in helping inspectors for continuity or shorts.

The equipment contains 200 signal inputs on four connectors, each with 50 contacts. Contact of the signal output or earth connection to any input produces a three digit reading display on a glass screen. The operator assigns numbers from 001 to 200 to the wires or terminals in the cable or harness assembly that is to be fabricated, and these are connected to the respective Cable Scan inputs via an adaptor cable.

To overcome these dangers, the units are designed for use in mimic displays for ships and process plants. As such, they are simple to mount, being secured by a body clamp and two pressure screws. The hole diameter is 2.030 inches and the length of the body is 4 inches.

CONVENTIONAL steel spanner are dangerous when being used on live equipment or in areas where they may cause a fire or generate a spark when dropped.

To overcome these dangers, Network Electrical Developments Ltd of Holmfirth, Huddersfield, Yorkshire, has designed Whiteworth spanners in plastics. Size covered by the standard set are from 1/4 to 1 1/4 Whiteworth equivalents.

They are intended primarily for use on nuts and bolts made of brass or other materials with similar tensile strength. Each spanner is individually tested on a torque analyser to a limit equivalent to that afforded by material having an ultimate strength of 22 tons per square inch.

Cost for a set of seven is £7.00 with reductions for quantity.

Provides a source of heat

DESIGNED FOR storage tanks, process vessels and other types of industrial equipment an electric heating mat made by Hotfoil of Heath Mill Road, Wombourne, Wolverhampton, WVS 5AG, is constructed from flat elements contained within a woven glass fabric and enclosed in a flexible outer cover. It is suitable for temperatures up to 450 degrees C.

The mat can be rated up to a maximum loading of 5 kW per square metre and produced in any shape or size. Heating mats of this type can also be made in continuous rolls 36 inches wide from which any required size can be cut.

Basic of the equipment is Fuller's earth bed which removes solid contaminants and acid. This filtration stage, like lab steps in the extraction process, takes place under vacuum, at the filter bed is suitable for most of the liquids normally required purification in industry, although alternative materials can be supplied if necessary.

When the liquid leaves the filter it drops on to an evaporator which boils off water at other volatile contaminant. Finally, a cooler brings down the temperature of the liquid being cleaned so that there is no risk of carbonisation when it leaves the vacuum chamber.

The heat exchanger has a dual action, taking heat out of the effluent liquid and using it to raise the input to the necessary temperature.

The standard model as supplied by the company has a capacity of 40 gallons per min although these can be raised parallel for higher throughput. Alternatively, the company prepared to scale up the system for particular requirements.

Position is signalled to the indicator by a potentiometer mounted on the valve shaft. Within the instrument itself is a servo system incorporating two present potentiometers giving zero setting and scale adjustment. Power supply requirements are 6V positive and negative and a common line.

No additional amplifiers are required, which makes the indicator easy to install and comparatively inexpensive. Power supply failure means that the dial shows the last valve position, while any faults in the connections between the valve potentiometer and the servo is indicated by the bar moving to the right.

One of the major problems in using reverse osmosis to remove the salt from brackish water has been the weakness of the very thin membranes required.

The latest support medium is porous, resin-bonded sand, replacing various forms of porous plastic used heretofore. The sand backing supports the thin membrane at close intervals and still leaves enough space for the purified water to move away from the film.

By using this support, Westinghouse Electric of 3, Gateway Center, Pittsburgh, Pennsylvania, is able to offer purification plants with a capacity of a million gallons a day. It will treat water with as much as 5,000 parts per million of dissolved solids.

The resin-bonded sand is housed in a special shell and the semi-permeable membrane, which will pass pure water but not the salt content, is cast in place on the surface of the sand form.

This is the basis of the new service being offered by the company. Surveys will be split into three main areas: technical evaluation, desk research and field research. Between them, the members present a complete cross-section of computer installations valued at more than £700,000.

Each panel member has informed Urwick Dynamics about his range of equipment and has given some basic information about his company. Marketing research therefore will be channelled to various panel members who are best placed to make an objective assessment of the product or service being offered.

Porsche have adopted the technique after finding that failure of the oil film on the valve stems was a source of valve heating and engine failure on both bench and track tests. This was not altogether unexpected, since the engine develops 650 b.h.p. and is designed to run up to 9,200 r.p.m.

Acheson supplied the company with a molybdenum disulphide lubricant which was sprayed on the stems, oven dried at 150 degrees C, and then polished. This has completely eliminated the problem of inadequate lubri-

cation, but will not give false readings in the slower changes caused in sunlight by clouds or haze.

The Institute's study is to learn why electricity is current in thunder clouds. The current theory is that ice crystals have a positive charge and water droplets are negative, building up a potential in the cloud.

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Women's lib hits Japan

BY HENRY SCOTT STOKES

THE WESTERN image of the Japanese woman is that of a porcelain beauty, whose very limbs threaten to snap off, she is so frail. Japanese women are expected, in the Western stereotype, to be retiring and bashful, as shy as mountain deer, and quite unwilling and unable to enter the hurly-burly of daily life.

Yet what is happening in the cosmetics market in Japan at the moment suggests that it is time for the stereotype to be abandoned, time to discard the image of the frail Japanese lady lapsing into dreams before her painted eye-liner fan, and to recognise that woman-power is playing a role in the Japanese business world.

This, at least, is what is suggested by the tale of Chifuren, an organisation of Japanese women, and its battle for the Japanese cosmetics market.

Chifuren is a body claiming the allegiance of some 6m Japanese ladies. It is vigorous, well-organised, splendidly administered and highly independent of corrupt male influence. Founded in the post-war years ("Chifuren" sounds like "Loud Women's Association"), its growth has been explosive. Its ambitions have also been more dramatic than those of the more long-established Shufuren, a women's organisation which has been in the limelight since the early 1950's in Japan.

Chifuren three years ago embarked on an experiment in direct business action of kind which the older Shufuren has never quite dared to indulge in. In the early 1950's Shufuren carried out national boycotts against the electric power industry (refusal to pay bills), the rice dealers (accused of selling stale yellow crops), the milk industry (excessive price increases) and, in the early 1960's, the canned food people (misleading labelling).

But Chifuren went one better in August, 1968, when it entered a manufacturing field (cosmetics) directly. Instead of using the weapon of the boycott, it decided to go into production as a rival of the company which it chose to criticise (Shiseido, the largest Japanese cosmetics firm).

In August, 1968, Chifuren tied up with a small manufacturer in the cosmetics field, Tokyo Jisugyo. The idea was to sell by mail order, using the label "Chifure" which was soft and appealing ring to it in Japanese. The proposal was to sell all products for a given fixed price, Yen 100 (about 12p)—including



Stepping into the hurly-burly world of selling cosmetics.

lipstick, lotion, powder, cream, mascara, eye-shadow; whatever the product the price would be the same. Cheap polyethylene containers were to be used instead of glass ones. And the main point to be made in publicity would be that the contents of Chifure cosmetics would be equal to the best in use in the cosmetics business in Japan (that is, those employed by Shiseido, which has much the largest market share). Prices would be far lower—thus, where Shiseido prices ran up to Yen 1,000, Chifure prices would be just Yen 100 an item.

The whole purpose of the exercise was to attack Shiseido's "excessive profits." At first

But it has been a good effort

progress was very slow. Then, aided by publicity in weekly magazines, and also Chifuren publications, sales of the new Yen 100 products gradually began to pick up. When mail order sales were begun in November, 1968, monthly sales were of the order of 100,000 items (that is, only Yen 10m. or £1,500 worth). During the following year and the first part of 1970 sales increased steadily from this low base, averaging some 200,000 items a month. This was still making only a tiny impact on the huge Japanese cosmetics market estimated at more than Yen 200,000m. (more than £230m.).

In October, 1970—only two years after entering the market—Chifuren people felt sufficiently confident, however, to launch their first major sales campaign. This emphasised that: 1—the content of the Yen 100 products was varied; 2—their price—whether one pair Yen 100 or Yen 1,000 for lipstick, the only difference between the two items would be in the packaging, and the label. The Japanese Press, including the big daily newspapers, was receptive to these arguments, and gave them great publicity at this time. Sales, still by mail order only, rose to 250,000 items a month.

Encouraged by the reception being given to both their products and their arguments after only two years in business, Chifuren finally decided that the experimental days were over. The decision was taken to invest in a new factory in Yokohama, which was completed in May this year, and is now in production with a monthly capacity of 2.7m. Chifure items. Simultaneously, mass sales were started through supermarkets and department stores, including the most prestigious store in Tokyo, Mitsukoshi (the rough Japanese counterpart of Harrods).

The first response this early summer was a good one—shop sales of 1.2m. units in May and another 350,000 items via direct mail. Sales by mail rose simultaneously with the start of sales through the shops. Last month the figures were up again, shop sales reached 1.4m. units and mail order ones rose to 610,000 in all—giving a total of more than 2m. items, more than 10 times the initial sales in the autumn of 1968. On these figures Chifure products would reach a sales total of more than £2m. a year. This would be still only a small share of the Japanese cosmetics market.

It has been a good effort

by a complete newcomer to a competitive market into which Chifuren has had to fight its way against the opposition not only of Shiseido, but also Kanebo, Max Factor, Revlon and many others.

Chifuren's sales campaign is now, however, "at a delicate stage," people in the industry believe. In the last couple of months, following the first appearance of Chifure products in the shops and department stores, there has been a mad rush to buy. But this has slackened off very recently.

Chifuren certainly has its problems. Its polyethylene containers, for instance, are non-disposable—and the organisation has elsewhere criticised manufacturers who used such materials for making containers. It faces the need to be consistent, and to use glass instead of polyethylene, but this would increase costs, and would probably make it essential to raise prices above the vital Yen 100 an item line. The last thing Chifure wants to do "at a delicate stage" is to raise prices.

Loyalties

Another problem is that brand loyalties are exceptionally strong in the cosmetic field; and the sweep of fashion is hard to predict. Thus there is a fear that those women who were temporarily lured into Chifure products may now be graduating back to Shiseido again—though they may tend to go for cheaper lines than those they favoured before-hand.

Even if the worst were to happen and Chifure products were driven back out of the market, however, the militant women would make their point that Shiseido prices were high—a fact which is seemingly acknowledged by the cosmetics manufacturer itself. This has been the minimum achievement of the first venture of woman power into business in Japan.

EMPLOYEE BENEFITS

What the EEC has to offer

BY DRYDEN GILLING-SMITH

A BRITISH company wanting a quick assessment of the variegated European pensions scene would do well to look at the different ways in which EEC employers back up their promises to pay future pensions. While we in the U.K. take it for granted that all self-respecting employers will fund their pension liabilities—so that a portfolio of assets is built up either by an insurance company or by an alternative funding agency for each employee—this is not universal practice across the Channel.

Chifuren certainly has its problems. Its polyethylene containers, for instance, are non-disposable—and the organisation has elsewhere criticised manufacturers who used such materials for making containers. It faces the need to be consistent, and to use glass instead of polyethylene, but this would increase costs, and would probably make it essential to raise prices above the vital Yen 100 an item line. The last thing Chifure wants to do "at a delicate stage" is to raise prices.

In previous articles I have sketched in some of the differences in the social security framework that must inevitably influence the form and quantum of company benefits. This week I want to look specifically at the way pensions are funded (or not funded) in certain EEC countries, and the implications of these different practices for British employers operating in the EEC.

For practical purposes I shall restrict my comments to Germany, France and Holland. Private pension coverage in Italy is relatively insignificant and Belgian practice largely follows Dutch.

1. Germany

Pension scheme coverage in terms of total workforce is comparable to that in the U.K. Benefit levels are, however, considerably lower. While the amount paid out to employees each year in U.K. occupational pensions exceeds the amount paid in State pensions, the German picture shows a mere 2,000m. marks a year paid in occupational pensions while some 43,000m. marks go out annually in the form of State pension payments.

Some German employers operate insured pension schemes and others have self-invested funds. But about 70 per cent of

all employees in German companies have their benefits financed simply by book reserves in their employers' balance sheet. This system, known as the retirement benefit pledge, has been actively encouraged by legislation which allows the employer to obtain tax relief on his ploughs back into his own business provided he earmarks it to provide pensions for his employees at a later date.

One hardly needs to stress the dangers of such a system with the memory of Rolls-Royce and similar industrial catastrophes fresh in our minds. Had the German system operated over such redundant employees of such companies would have lost their pension savings as well as their jobs. Criticism of this method of pension funding is now growing in Germany itself and a number of trade unions are insisting that employees' representatives should have a substantial voice in Board decisions.

In contrast to the militant paternalism of Germany, private sector pensions in France epitomise democracy and employee participation. A nationwide system of *régimes de retraites complémentaires* cover over 8m. employees. Practically all pension rights are transferable and employee representatives generally have a 50/50 voice in scheme management.

In fact many industry-wide schemes have been set up as a result of Trade Union initiative and once again there has been

German occupational pensions been trying to find a means re-introducing pension funds on U.K. lines.

2. France

Holland of all the EEC countries has by far the most advanced private pension legislation and practice. In a sense this is an amalgam of the best features in the British a French systems with something thrown in for good measure. Dutch pensions are properly funded as well as enjoy statutory provision for employee participation. Employee representatives enjoy a 50 per cent voice in the management of multi-employer plans—a marriage of British finance and French democracy.

A varied picture

The bit extra consists regulations that the EC has introduced in the U.K.—transferability after five years membership of a scheme; restrictions on pension investment by whatever means; and the employer's business in per cent. of salary and current Dutch proposals to make pension transferable of one year's service; restricted investment in the employer's business to 5 per cent. of relevant pension assets.

This is the European picture. It is not homogeneous and it is no reason why the U.K. should depart from its present path in order to follow a German, French or Italian example.

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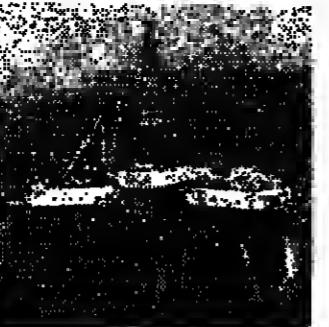
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TUESDAY AUGUST 3 1971



BP's "Sea Quest" drilling on Aberdeen.

North Sea oil—time to look at the fiscal rules

BY JOHN TRAFFORD

More help for Scotland

IE Government's decision to liquidate shipyards has aroused strong feelings both among those who support it, and those who oppose it, and these merged clearly in yesterday's debate. The report of the Advisory Group set up by Mr. Davies makes it clear that the company in its present form is only unviable but unlikely to become so. There is commercial justification, therefore, for continuing to prop up with public money; and public money is to be spent Clydeside for social reasons, or are more constructive of spending it. When Mr. Redwood Benn himself had responsibility which Mr. Davies has now, he warned that workers that there was no safety net under anybody, here is a limit," he said, beyond which the Government's Government would not encroach resources on something that turns out to be unworkable." That limit has already been reached.

AN ACCOUNT

Mr. Benn, however, seems only concerned at the moment to turn the troubles of shipyards to political advantage of his past mistakes. He has concocted an account of the affair which, however, fails to distract attention from the action of the men in "occupying" the yards, however, wrong-headed and unlikely to be effective in the long run, has at least had the effect of drawing the attention of a complacent public opinion to their problems: Mr. Davies will be visiting Glasgow to-day and Mr. Wilson tomorrow. If they can agree to shift discussion away from the plane on which Mr. Benn has sought to establish it, all parties can work together in devising a more effective cure for Scottish unemployment. In particular, there seems to be a strong case for not only retaining but actually widening the scope of the regional employment premium.

Lessons of U.S. inflation

WILL take some time to assess the full meaning of the steel settlement. It is supposed to represent a wage increase of 30 per cent. staggered over three years. But the actual rate will be higher. Not only are improvements in pensions, truce and holidays, over above the basic increase, there are also cost of living guarantees the effect of which is not to be anticipated in advance. Like other recent American settlements it is out-loaded—that is, it is expected to increase the industry's costs particularly rapidly in the first year. The settlement is as inflationary as the in the automobile, car and aluminium industries, about the Federal Reserve Chairman, Arthur Burns, commented in his recent broadside, the very same time railroad stations seem to have had agreement on theetary aspects of a settlement, which would work out at average annual rate of 12 per cent. for three and a half years.

POLICY CHANGED

The most recent figures, it is true, suggest that inflation may be accelerating again; but one must not forget that U.S. economic policy has changed. For the greater part of a year it has been in a highly expansionary posture, with a large and increasing Budget deficit and a rapid increase in the money supply. Although the speed of the recovery has disappointed some people, and the confidence element has been especially weak there has nevertheless been a substantial recovery in output and unemployment has begun to fall sharply. It does look as if those American economists such as Milton Friedman and Edmund Phelps, who believe that there is some "normal" or "warranted" rate of unemployment may be right. In the U.S. it looks as if that rate is somewhere between 5 per cent. and 6 per cent.; and in the U.K. it might be about 3 per cent.

This implies that expansionary monetary and fiscal policies designed to reduce unemployment below these levels are likely to increase the rate of inflation without bringing more than a temporary improvement in unemployment. On the other hand even if some brave Government were prepared to tolerate the apparent "normal" level of unemployment, all it will achieve is a stabilisation of price inflation around its existing high rate. Faced with these dilemmas, it can only be a matter of time before Governments on both sides of the Atlantic decide that they must intervene directly in the wage fixing process. The crucial question is not whether to have an incomes policy or not, but whether to have one that enables market forces to work better or one that attempts to work against them. The most important single reason why the normal rate of unemployment is now so high is the exercise of union monopoly power; and sooner or later democracy will have to face up to the issue.

This is a situation in which it is particularly important to distinguish between rational and irrational conditions. Opponents of the market economy are claiming emphatically that restrictive monetary and fiscal policy, and associated increases in unemployment have done nothing but wage inflation on either side of the Atlantic. This is too simple by half. Spectacular settlements in highly unionised industries are not a good guide to general trends. When the Administration took over in the beginning of 1969 inflation

despite a determination to play it cool, many oil companies can scarcely disguise their excitement and apprehension as August 20 approaches, the day by which all applications for the fourth round of North Sea oil and gas production licences have to be lodged with the Department of Trade and Industry.

Although the 436 blocks on offer fall well short of the 1,106 in the second round, they easily make up in interest what they lack in numbers. This is in part because many of the more southerly areas are blocks or parts of blocks compulsorily returned by the licensee of the first round in 1964 under the Government's rules. The potential of these areas as possible gas producing fields is fairly well established.

Bidding in earnest

The greatest interest, however, centres around the blocks in more northerly waters where the Phillips Petroleum consortium, British Petroleum and Shell/Esso have all found oil. Although production from any of these fields is still many months away, and despite the deep water and bad weather, it seems certain that the major groups will be bidding in earnest for many of the more remote areas east of the Orkneys and Shetlands and close to the median line with Norway.

Most of the companies are less euphoric than Keith Collins, managing director of the North Sea licensees Ball and Collins, who forecasts that Britain will be self-sufficient in crude oil within seven years. But they know the chances of further large commercial oil finds are good; in the foreseeable future Britain could become an important oil producing country.

Virtually every producing country of any note operates a complicated battery of fiscal devices which ensures that a large proportion of the money generated by the oil production goes to the government coffers rather than into swelling the profits of the international oil companies. One of the strangest anomalies of the present situation in Britain is that, while there are plenty of do's and don'ts about how you may drill for oil, there are few fiscal rules when companies actually start producing the stuff and earning profits. They, like any other British registered company, have to pay corporation tax and can write off new capital expenditure (on rigs and pipelines) against revenue.

One may wonder whether oil production should be treated as a special case. The policy of the past six years has served very well for natural gas. In

that field, successive British governments can claim a solid achievement. By 1975, only eight years after North Sea gas was first fed into the mains, virtually all the gas sold in Britain will be coming from this source. The market for gas is forecast by the Gas Council to quadruple in the ten years to 1975, moving from 3,500m. therms to 13,500m.

There is one big difference between the situation of natural gas and crude oil. The Gas Council has first refusal on all gas piped ashore and, as incomparably the largest outlet, acts in effect as a monopoly buyer. Prices, and to a large extent the gas producing companies' profits, can thus be determined by government policy.

The same is not true of oil. In the absence of official guidance, companies producing oil in the North Sea will be free to sell it bow and where they please. Since most of those active in the oil-bearing areas have their own refineries and marketing networks in the country, it seems unlikely that the oil will be exported. However, the transfer price at which the producing company or consortium sells the oil to a refining company does not seem to have been taken into the Government's consideration when formulating its policy.

Highly complex book-keeping

At first sight the transfer price may seem a red herring. To stay solvent, any industrial concern must sell its products at the best price compatible with its short- and long-term interests. Market forces and company policy decide the price; Government action is superfluous.

This is not the way things work in the oil industry, however. The big international oil groups have constantly to be on the alert to prevent their funds being blocked in countries where they cannot most profitably be used. This need involves them in an extraordinarily complex series of book-keeping exercises designed to centralise their funds in a hard currency headquarters and to pay the government tax overall to the governments of the world.

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This helps the oil group keep its profits low in the producing and in the developed country, where rates are usually high. The trading company, acting as

an intermediate, may only remit a proportion of the money it owes for the oil to the producing subsidiary's headquarters in the country of the oil's origin; the balance may be credited to the producing subsidiary's account conveniently located in New York or some other less hazardous place, far removed from the traditionally risk-ridden oil-producing areas of the Middle East, Asia, Africa or South America. Many oil companies are at remitting to the oil pro-

ducers. These posted prices multiplied by volume shipments are used to calculate the revenue which the oil producing subsidiary in theory obtains.

It is a theoretical calculation since the actual price at which the oil is exported is invariably much lower. The higher revenue calculated from posted prices, being independent of the oil group's international book-keeping and royalty percentages to be set which will yield a predictable

would, however, make sizeable profits on its crude oil transactions between shipping it from the producing country and refining it in the consuming country.

To avoid these swinging taxes, companies in the oil producing areas naturally look around for any expenses which can be set against their posted price revenues. Apart from normal operating costs, the most important item here is the costs of new exploration and drilling.

life of the well. It is not hard to predict what the oil exploration companies will wish to do: they will seek to class most of their expenditure as abortive so that it may be charged as an expense when it suits their books to do so.

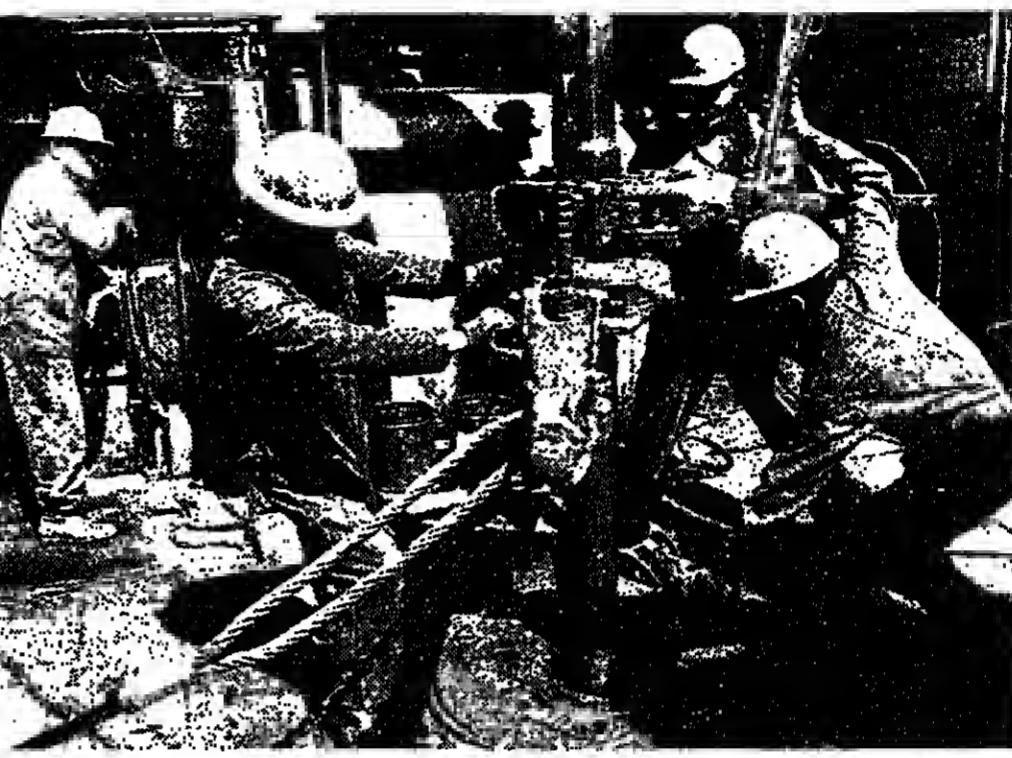
Oil companies are quick to point out that reducing tax liability is only of any value when you have some taxable profits—and none of the major oil companies pays any tax in the U.K. at the present time. However, if oil is found in abundance in the northern North Sea, it is quite feasible that a single company could be obtaining an oil flow of, say, 200,000 barrels a day which, at perhaps \$2 a barrel, would mean an annual revenue of £60m. The days of profitable oil operations in the North Sea may not be far distant.

Purchases made abroad

Arrayed against the flexibility and sophistication of the international oil groups, the British Government's present policy appears rather lopsided. True, companies must submit satisfactory work programmes to get a licence (or bid the highest, in the case of 15 blocks on offer at present); they must return half their areas after the first six years; pay £25 a square kilometre initially and annual rentals rising from £50 in the seventh year to a maximum of £350; and pay a 12.5 per cent. production royalty.

However, on the crucial question of assessing profits from North Sea oil the Government appears willing to let the oil companies operate as they think best: no posted prices, no compulsory reinvestment, no special preference for British interests. In the early days of 1964, before there was any certainty that natural gas lay beneath the North Sea, let alone oil, the greatest concern of the Government was to encourage investors with the essential expertise to come and drill. That phase is now past but there is little indication as to how the Government will react if Britain really does join the ranks of the oil producing nations.

Anxiety on future British policy has recently been voiced by Mr. Frank Waddams, who worked in a senior position in Shell for eight years and was financial adviser to the Libyan Government from 1965 to 1970. In a recent paper he warns that the interests of foreign-owned oil companies and the British taxpayer do not always coincide. To date, he contends, the Government has shown insufficient determination to protect the country's legitimate interests.



A pipe change aboard an Amoco/Gas Council rig in the North Sea's Indefatigable field.

How the posted price system works

(\$ a barrel)	
Posted price	2.30
less Royalty (12%)	0.29
Operating costs	0.32
Taxable profit	1.69
of which Taxation (55%)	0.93
Actual transfer price	1.80
less Royalty and taxation	1.22
Operating costs	0.32
Actual profit of operating subsidiary	0.26

ducing area itself only sufficient funds to cover local expenditure on operations, tax, royalties and personnel.

These can be so heavy and can run over so many years that it is very much in the oil companies' interests to be able to write off as much of this expenditure as they please in any one year. If they are allowed to do so it is possible for companies to avoid paying tax over very long periods.

Many of the major oil producing countries of Africa and the Middle East have put an end to this practice as far as new exploration work is concerned. Libya, Iraq, Abu Dhabi and Kuwait now restrict the amortisation of exploration expenditure to a mere 5 per cent. per annum.

volume of cash for the government concerned.

The table illustrates in simple terms how the posted price system works. As far as the well-head oil company is concerned, a very high proportion of its actual profit is taken by the best Government in the form of tax or royalty payments. In the example chosen, the Government would take 82 per cent. of the company's total operating profits. As mentioned before, the oil group

can be so heavy and can run over so many years that it is very much in the oil companies' interests to be able to write off as much of this expenditure as they please in any one year. If they are allowed to do so it is possible for companies to avoid paying tax over very long periods.

Reducing tax liability

In the U.K. the costs of

aborted exploration can be

expensed and, if desired, carried forward. Successful exploration expenditure, on the other hand, must be capitalised and written off over the estimated

period concerned.

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However, if oil is found in abun-

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company could be obtain-

THE REAL BATTLE OF THE CLYDE...

Scotland's grim struggle for work

From ANDREW HARGRAVE, Scottish Correspondent, Clydebank, August 2

ON THE FACE of it, little has changed at the Clydebank shipyard of Upper Clyde Shipbuilders, the former John Brown yard, since the "work in" hit the headlines last Friday. The only visible signs are that the security men at the gate have been joined by shop stewards, in four-hourly rotas. They "vet" people and supplies coming into and leaving the yard, and provide access to inquisitive journalists, TV cameramen and photographers. And that is just about it.

On the nail

The "work in," in fact, is unlikely to be challenged for several weeks, or even months. There can be no question of the electricity being cut off (all UCS yards are in any case linked to sub-stations which serve hospitals and other vital installations), or of steel, liquid gas and other supplies being cut off so long as the liquidator, Mr. Robert Courtney Smith, pays on the nail. This he intends to do as long as he has work in hand.

At Clydebank, for instance, this means fully eight months, although work will begin to taper off after the next launch and the delivery of two cargo ships, all scheduled for October. In the smaller Scotstoun yard in Glasgow, on the north side of the river, work may begin to dry up sooner, although not for six or seven weeks. As for the Covan yard and the Linthouse steel factory next door, both on the south side of the river, the liquidator intends to keep them going at full blast until UCS is wound up and its successor is set up by the Government. This is not expected until late October at the earliest.

Thus for a limited period the interests of the shop stewards who have organised the "work in" and those of the liquidator will run parallel. Both sides are anxious that work on the ships should proceed without interruption or delay. There are at present six on the berths in the three yards, plus a further three at Linthouse preparatory to building on the berths as well as seven "in the water" fitting out.

No management function has so far been seriously challenged except for the watch at the gates and the "unauthorised" recording of Friday's mass

meeting at Clydebank by the Press and television. Although the liquidator was asked on the same day to conduct his business from his Glasgow office, he was allowed through to the group's headquarters at Linthouse this morning without molestation.

No one knows, of course, how long "peaceful co-existence"

between the stewards and the liquidator will continue. Next Monday, when workers at two of the three yards and the Linthouse unit return to work from their annual holidays, up to 400 people—mostly administrative staff and including some female clerical workers—will receive redundancy notices. Later in the week, the steel sections of a bulk carrier kiel may be transferred from Linthouse to Covan instead of Scotstoun as originally planned.

Both decisions will be challenged by the stewards. They intend to ask the redundant people to continue to report for work—exposing them to the risk of losing unemployment benefits. They are also expected to appeal to fellow trade unionists involved in river transport to refuse the switch from Scotstoun to Covan. The Scotstoun yard, it should be noted, is due to close before the end of the year.

Next week's turn of events may well test the credibility of both sides. They will be the first real shots in the psychological warfare ahead. For while the battle is ostensibly over the continued existence of UCS in more or less its present form, it would be extremely short-sighted for anyone to imagine that this is an argument over commercial viability or even whether and to what extent British shipbuilding should be protected against overseas competition.

The real battle is being waged against massive and ever-worsening unemployment in Scotland. Last month's figure of 134,500—8.2 per cent of the insured population—was 41,000 more than in July last year and 54,000 more than in the same month in 1968. It was within 1,500 of the peak post-war figure for any month.

The situation is even more acute on Clydeside, with one man in ten out of work in the Glasgow area, and it is worst in Clydebank, where John Brown employs over 3,000 people in

danger of losing their jobs when the yard closes next March. Already there are 3,000 men out of work in the town. On the very day Mr. John Davies, Secretary for Trade and Industry, announced plans for "restructuring" shipbuilding on the Upper Clyde, a Clydebank company announced redundancies for 113 men—or 5% if the work force agreed to a four-day week.

Rundown closures, short-time working—this has been the grim saga for the past 12

months. Nevertheless, the situation to-day is vastly different from that of 1969. By and large Clydeside does not take kindly to Conservative Administrations (of the 35 MPs representing the area, only five are Tories). Equally, southern Tories have little time for the "Red Clyde"—and this goes for many industrialists and investors in general. If during its six years of office the Labour Government came in for some abuse for not being "Left" enough, now, with a Conservative Government

in power, the situation

is very different from that of 1969. By and large Clydeside does not take kindly to Conservative Administrations (of the 35 MPs representing the area, only five are Tories). Equally, southern Tories have little time for the "Red Clyde"—and this goes for many industrialists and investors in general. If during its six years of office the Labour Government came in for some abuse for not being "Left" enough, now, with a Conservative Government

Party official, rising trades convenor; Mr. Robert Dickie, secretary until economic circumstances forced him to return to the yard where he had served his apprenticeship. He has since been elected to Clydebank Town Council, as one of two Communist members, and is now a magistrate.

Both are men of colourful language—"butcherly," "savagery," "prehistoric monsters" (applied to Tory Ministers) are used liberally.

There is, however, a broad division of labour between

industry in the west of Scotland for one afternoon with between 30,000 and 40,000 people marching through the streets of Glasgow. The next one may take place later this month.

An appeal for funds to relieve hardship for those officially sacked by the liquidator but participating in the "work in" has also been launched. In the coming weeks, the hat is to be passed round many a Scottish factory and office, at trade union meetings and even places of worship. Unions will be asked for donations to follow the lead of the Scottish miners who are presenting a cheque for £1,000.

Although Mr. Wilson and the shadow cabinet are not likely to commit the Labour Party to go the whole hog with the stewards (in spite of Mr. Benn's own personal stand) they are unlikely to condemn it either while unemployment keeps rising in Scotland and in Britain. Nor is the Scottish TUC likely to offer a restraining hand unless things get out of control and take a violent turn.

For this is the nightmare that must haunt not only Mr. Smith, the soft-spoken, courteous and seemingly unemotional liquidator, but also Airlie, Reid and the other shop stewards—in spite of brave words about "not flinching" from a show-down.

Hardship

At the same time the stewards know that the momentum has to be maintained if the whole exercise is not to fizz out at the first stroke of real hardship. About 1,000 redundancies over and above the 400 already announced are due towards the end of next month.

Mr. Davies has mentioned the possibility of 1,000 people being re-employed in other yards on the Clyde. As Yarrow in Glasgow is unlikely to recruit in the near future, Scott Lithgow on the Lower Clyde is the only prospect.

Yet even if a high proportion of redundant UCS workers could be redeployed on the Lower Clyde, and assuming that the jobs of 2,500 were safe at the reconstituted Covan-Linhouse complex, this would still leave some 5,000 people looking for jobs over the next seven or eight

months at a time when unemployment in Scotland is likely to hit new peaks each month.

Only a bold, generous and imaginative approach by Government and, one may say, by the Scottish business community, can counter this potentially threatening, socially divisive and economically disastrous situation. It will not be solved by the collapse of the "work in" and the exposure of "Menace." It will not be solved—and here Airlie, Reid and shop stewards are right—"starving the workers into submission."

Sensitive

Action to relieve hardship in the short term is limited. The mini-Budget and even the £35m. to be spent on public works in Scotland over the two years cannot have more than a marginal impact on employment in the construction industry, nor will the designation of Clydeside as a special development area until the economy as a whole really moves.

Previous Tory Government have shown a good deal of sensitivity in the plight of North. It was the Governor of Mr. Harold Macmillan, which Mr. Heath was a member—that secured for Scotland on social rather than economic grounds the steel strip mill Ravenscraig, the motor vehicle factories at Bathgate and Linwood, the Post Office Savings Bank in Glasgow. It began process of transforming Scottish economy which received such a jolt in the year.

In terms of present act Hunterton comes to mind, its deepwater iron ore general user terminals, or field steelworks and Cheviot oil refinery (owned by Campbell); as do public works on the extension of special development area incentives existing companies; additional incentives for investment training; a share of oversubscribed government offices and research facilities.

Unfair to the rest of Britain? Maybe. But the alternative chaos, strife, dereliction, despair, the last thing a Britain looking to Europe can afford

The UCS shop stewards most in the limelight—Mr. Jim Reid (left) and Mr. James Airlie (right). Airlie appears to be the organiser-in-chief, Reid plans overall strategy. Centre: UCS workers demonstrating in London.

Acrimonious

There are certain similarities between the rescue operation then and now. Mr. Davies' insistence on the viability of the Govan-Linhouse rump may be compared to the "no safety net" warning by Mr. Anthony Wedgwood Benn, then Minister of Technology. The deal temporarily saving UCS carried the strings of full union co-operation, changes in top management and labour shedding which are the conditions of the operation mounted now by Mr. Davies.

months. That is basically why the plight of UCS attracts more public sympathy to-day than two years ago when UCS faced its first liquidation crisis.

in office, the acrimonious dialogue between Clydeside and the rest of Britain has developed into a slanging match. In a situation of this sort, those with the loudest voices and bitterest tongues are liable to be heard above the general din.

The senior shop stewards who have organised the "work in" and have led the fight against the Government's plan for cutting down UCS to what Mr. Davies and the "four wise men" believe to be a viable size, certainly do have loud voices and acid tongues. But they are no fools.

Airelie derives his power from the shop stewards' movement within UCS, having originally emerged during the birth pangs of the "Fairfield experiment" in 1966. Reid, on the other hand, was a full-time Communist

Oratorical

The shop stewards most in the limelight have been Airlie and Reid. They are both in their thirties, with a certain oratorical gift; both are engineers by training and Communists by conviction; both are family men. Their similarities end.

In the last six weeks Mr. James Airlie, chairman of the joint shop stewards' committee and convenor at Covan; Mr.

them: Airlie seems to be the organiser-in-chief while Reid plans the overall strategy. For however far-fetched the "work in" appears to the Government and to large sections of the general public, particularly in the South, there is a clear objective.

The senior shop stewards who have organised the "work in" and have led the fight against the Government's plan for cutting down UCS to what Mr. Davies and the "four wise men" believe to be a viable size, certainly do have loud voices and acid tongues. But they are no fools.

They believe that if it were left until later in the week all the other debates would be overshadowed and that anti-Marketeters at the conference would be given several extra days in which to manoeuvre and make the headlines.

PORTO TORRES

A PETROCHEMICAL COMPLEX IN CONTINUOUS EXPANSION

Here are the most significant steps of a remarkable growth:

YEAR	FACILITIES
1963	Phenol
1964	Steam cracking
1965	H.P. Polyethylene
1966	ABS
1966	Ammonia
1967	Ammonium sulfate
1967	Topping
1968	Reforming
1968	Benzene
1968	Continuous Polystyrene
1968	Acrylic fibers
1968	LAB
1969	Steam cracking expansion
1969	Butadiene
1970	P.V.C.
1970	Sea-line buoy installation for mooring of 300,000 ton super-tankers
1971	Ortho- and para-xylene

SIR Original processes, "up-to-date" engineering, high quality products.



Labour News

Bank staffs to seek cost-of-living rise

BY ROY ROGERS, LABOUR STAFF

NOTICE of a pay claim for some 165,000 clearing bank staff, based on the rise in the cost of living between January 1 and September 30 this year, was given to the Federation of Bank Employers yesterday—seven months after the present pay deal came into operation.

The last settlement gave increases of between 7% and 10 per cent, and was followed by a job evaluation of salaries from May 1. At that time, it was envisaged that there would be no further pay claims this year.

However, since then the National Union of Bank Employees has complained of the exceptional circumstances brought about by the increasing cost of living and has urged the bank staff associations to join with it in seeking a cost of living claim from July 1.

The banking staff council, said last night that the employers were now considering the matter and negotiations would take place at the appropriate time.

Barclays DCO

Meanwhile, NUBE has lodged a similar claim for its 2,000 members at Barclays Bank DCO as a result of their last agreement which included a cost-of-living threshold clause.

That 10% per cent deal negotiated last March and effective from January 1, 1971, was to be reviewed annually.

It is understood that the review will be held in October.

NATSOPO TO SEEK DE-REGISTRATION

The executive council of the National Society of Operative Printers and Assistants (Natsopas) decided yesterday—in line with TUC policy—it would ask to be removed from the provisional register of trade unions when the Government's industrial relations legislation comes into force.

Giro strike may spread

BY OUR LABOUR CORRESPONDENT

LEADERS of the Civil and Public Services Association will decide later this week whether to call out more of their Post Office members to join those who went on strike yesterday over the union's pay dispute with the corporation.

Yesterday, Mr. Bill Ryland, Post Office chairman, made an appeal in talks with Mr. Alastair Graham, CPSA official responsible for the union's Post Office members, for the strike to be called off. But Mr. Graham said afterwards that the stoppage would go on. "We are prepared for a long one," he said.

The CPSA is seeking to ensure that senior grade staff always get more than the people they supervise, which, the union says, is not the case under a wage restructuring carried out by the Post Office. The difference between the Post Office offer and the union's claim is only 4 per cent—8% per cent on one hand and 9 per cent on the other.

The union yesterday claimed 100 per cent support for the

Vauxhall signs CBI pledge on prices

BY HAROLD BOLTER, INDUSTRIAL CORRESPONDENT

VAUXHALL MOTORS has joined the other major car manufacturers in signing the Confederation of British Industry undertaking not to increase prices by more than 5 per cent over the next 12 months.

British Leyland, Ford Motor and Chrysler UK have already indicated that they will accept the CBI's initiative on voluntary price restraint.

The Vauxhall decision, taken after a thorough consideration of the undertaking and the retaliatory measures announced recently by the Government, is a further indication that the CBI will get the support it is seeking.

So far none of the 200 major concerns asked to sign an undertaking on restraint have refused to do so, it is understood. Over 30 replies have been received and most of the rest are expected before the end of this week.

A few companies have indicated that they would like a little more time to consider the CBI's request. It is believed the CBI has received further encouragement from the fact that 80 companies which were not asked to give a definite

strike from its members involved at the Giro centre at Bootle, Lancs., and at three other Post Office computer centres in London, Edinburgh and Derby.

Redundancy Fund is £1m. overdrawn

overdrawn

By Elisabeth Ganguly

THE REDUNDANCY Fund is overdrawn by £1m. It is financed by employers, who pay 6.5p for every man, and 2.5p for every woman they have on their payroll.

In the event of redundancies, they can reclaim half the lump sum payments they are obliged to make under the Redundancy Payments Act. In cases of bankruptcy, the Government guarantees the lump sum payments, which depend on length of uninterrupted service, age and earnings.

More Labour News Page 19

COMPANY NEWS + COMMENT

F. Pratt returning to 18% dividend

TORATION of the 18 per cent dividend rate for the year to December 31, 1971, is forecast by Pratt Engineering, makers of chucks, etc. Last year the was halved.

spite of difficult trading conditions continuing, profits are put less than £450,000, compared with £237,739 last time, £208 in 1968-69 and £486,000 in 1967-68.

Over the first six months to April 1971, the profit was £250,674,

the corresponding period it

produced a loss of £4,720.

The current first-half figure

reflects measures taken in restruc-

ting the operating units, and an

account of losses incurred under a joint collaboration

agreement which is to cease

at the year-end.

With the cash position showing

considerable improvement and

tending to be positive, the

dividend is held at 18 per

cent.

First Half

1971 1970

Profit 513,000 662,530

Dividends 145,873 121,958

Total 118,811 164,724

Less tax 100,370 117,483

Profit before tax 15,441 44,243

Profit after tax 13,404 44,163

Dividend 73,150 76,150

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Bulmer & Lumb	18	5	Jacks (W.M.)	16	6
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3% extra from Power Tools

A FINAL dividend of 9 per cent by Power Tools Specialists raises its total from the equivalent of 12 per cent to 15 per cent for the year to March 31, 1971.

Last October, chairman Mr. A. N. Creed said he would not

forecast a profit higher than

£100,000 and caused a small

Apparantly the turnaround

is from better profit margins

by the elimination of losses

factory in the forging division

The profit forecast of

£100,000 for the year has now

further increased to £120,000

factories other than an

order book, which is

slightly down on the

responsible period in 1968-70.

few of this; a prospective p/e of 2.3 at 54p (up 2p) last night

is about right.

Banbury Buildings in target

INE with the mid-way fore-

cast maintained profits Ban-

bury Buildings reports

figures of £20,494 against

£26 before tax, for the year

March 31, 1971.

Final dividend of 27½ per

125 per cent lifts the total

35 per cent to 37½ per cent

bring £198,152 (£154,942) and

stays anticipate maintaining

on capital increased by a pro-

one-for-five scrip issue to

be registered August 20.

Tax of £24,639 (£29,266)

profit was £88,153 against

£90. Minorities account for

£12,529.

The group makes prefabricated

garages, industrial build-

ing sheds etc.

● comment

Power Tools has maintained a record of profit growth every year since its public debut in 1963. The latest performance taken in a pre-tax jump of 16 per cent on sales up 17 per cent, reflecting further increased sales volume, there add.

● comment

Two years ago Audio Fidelity's expansion plans were upset by a major fire and while there was a recovery in the following year the main advance was expected to come in 1970-71. In the event the group seems to have done even better than the market was hoping for and a 33 per cent pre-tax rise lifted the shares (already up over two-thirds this year) a further 12p to 67p last night. At this level the shares are on p/e of 8.5 (3.1 fully taxed), which is a reasonable multiple of just under £140,000. The remaining two divisions—merchandising and processing of softwood and manufacture of school stationery and educational aids—have also made good progress. A thorough assessment of current trading prospects will have to wait for the full report, but in any case there should be further benefits to come from the reorganisation. Meantime, the p/e of 104 at 45p still bears the scars of the 1969-70 setback.

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INTERNATIONAL COMPANY NEWS + EURO MARKETS

GM, TRW to raise \$90m. Euroloans

BY WILLIAM LOW

GENERAL MOTORS plans to raise 700m. on the international capital market later this month. The concern, General Motors Overseas Finance NV, will float two separate Eurodollar bond loans, guaranteed by the parent company.

One will consist of \$30m. of five-year notes, due 1976, and the other \$40m. of 15-year debentures, due 1986. The notes are expected to bear an interest rate of 8½ per cent and the debentures one of 7½ per cent.

Although the Eurodollar bond market is currently going through a difficult period, the General Motors' offerings are likely to attract buyers. Not only is there an over-own of the soundest credits available, but also the manager of the issues—Morgan and Cie, of Paris—is recognised as about the best Eurobond bankers.

Final terms will be fixed for both loans around August 10, it was indicated. Another American company involved in the Eurodollar bond market is TRW, the Ohio-based major diversified company specialising in high technology products, systems and services for commercial, industrial and Government

markets, plans to offer through a finance subsidiary \$20m. of guaranteed debentures, due 1986.

According to the lead manager, Smith Barney, of Paris, the offering is scheduled for August 12.

Proceeds of the issue will be made available to TRW for use in its international operations.

The expected coupon on the TRW issue is 9 per cent, a figure which should ensure its favourable reception. I understand that one factor which decided the TRW managers to go ahead with their offering was that the GM loan was smaller than expected.

Both the GM and TRW issues are the type of Eurodollar bond loan which should go down well with investors. However, the market is currently in such a condition that it would be foolhardy for another borrower to announce a dollar offering for at least a week or so.

WESTERN BANK, of Johannesburg, another African company involved in the Eurodollar bond market, is TRW, the Ohio-based major diversified company specialising in high technology products, systems and services for commercial, industrial and Government

N BRIEF

Europe

STE GENERALE DE BANQUE, Brussels, said it granted financing of over B.Frs.500m. to the Mexican company Met Mex Penoles, joint subsidiary of the Mexican group Minera Peñoles and Bethlehem Steel Corp., of the U.S., to meet costs of services for an electric zinc plant at Torreon in Mexico.

PETROFINA consolidated net profit attributable to parent company rose to B.Frs.1,345m. in first half of this year from Frs.1,075m. in same 1970 period.

KONINKLIJKE NEDERLANDSE TABAKSGEVEGENEN EN FAALFABRIEKEN consolidated third-quarter net profit fell to 40.4m. from Frs.15.5m. in same period last year on sales of 1,867.7m. against Frs.1,566.6m. Net profit in first six months this year fell to Frs.164m. from Frs.94m. in same 1970 period.

ESTERREICHISCHE ALPINEONTAN nationalised Austrian steel and heavy engineering con-

cern, reports rise of 17.2 per cent in last year's turnover to record total of Schs.600m. Net profit showed fourfold increase to Schs.125m. Company proposes to maintain dividend of 10 per cent and bonus 8 per cent.

Due to slackening foreign demand, however, incoming orders during first five months of 1971 were 10 per cent down on same period last year.

BOEHLER, Austrian special steel company, reported 25 per cent increase in 1970 group turnover (including German subsidiary) to Schs.165m. Net profit was Schs.35m. (Schs.15m.). Company proposes to increase dividends from 3 to 4 per cent for 1970.

SLOUGH ESTATES, U.K.-based international factory leasing organisation, purchased 39 acres of industrial land at Waverley, situated approximately 12 miles east of Melbourne City centre, for development as industrial estate upon which factories and warehouses will be offered for lease. First phase of development is expected to be available for occupation early in 1972.

DOMINION TEXTILE, of Montreal, reports rise of 17.2 per cent in last year's turnover to record total of Schs.600m. Net profit showed fourfold increase to Schs.125m. Company proposes to maintain dividend of 10 per cent and bonus 8 per cent.

Official indications are not available whether dividends concerned are interim or final and the subdivision shown below is based mainly on last year's timetable.

TO-DAY

Interims: British-American Tobacco, Armitage-Sutcliffe Corporation, First Scottish Distillers, John Benson, F. J. Parsons, Sedgwick Colling, etc.

Finales: Bear Brand, Beaver Group, Central and District Properties, Loblaw Investments, Leo Conroy and P.M. Sobell Holdings, etc.

FUTURE DATES

Interims: and Metalco Aug. 5

International Chemical Industries Sept. 1

Accrual Holdings Aug. 11

Nurses Aug. 12

Parsons Land Aug. 13

Wardrobe (Bernard) Aug. 14

Water (Thomas) Aug. 15

Flax Aug. 16

Academy Aug. 17

Cawdys Aug. 18

Collect Clockwise Aug. 19

Pratt (Enamel) Aug. 20

United Commissars Trust Aug. 21

*Amended.

DOMINION TEXTILE, of Mon-

tréal, largest textile manufacturer in Canada, reports profit of Schs.2m., or \$1.79 a share, for year ended June 30, against \$4.6m. (\$1.71) a year earlier.

Canadian operations rose to Schs.1.5m. from \$1.2m., while profit from subsidiaries in Australia, South Africa, New Zealand and Singapore declined to \$1.3m. from \$19.2m. Company says decline in overseas profits resulted from product shortages caused by extended strike in U.K. earlier this year and higher labour and material costs.

GREAT CANADIAN OIL SANDS, only producer in Athabasca oil sands of Alberta, reported loss of Schs.275m. in six months ended June 30, against loss of \$9.56m. a year earlier.

Revenue from oil sales totalled \$25.1m., against \$18.9m. Company subsidiary of Sun Oil, of Philadelphia, produced average of 42,100 barrels daily in first half against 32,300 barrels daily year earlier.

DRINKS DEAL

By a Special Correspondent

JOSEPH E. SEAGRAM and Sons has entered into an agreement with Kirin, Japan's largest brewery, which gives Kirin exclusive distribution rights for all Seagram products in Japan, ranging from Scotch to Bourbon and Canadian whiskies, gin, rum, vodka, cognac and wine.

Eventually, Seagrams is said to be aiming at making whiskies in Japan in a joint venture with Kirin. But it is reported that Kirin executives took a "cautious and non-committal" attitude toward this prospect.

OTHERS

LEND LEASE CORPORATION, Australia's largest property company, proposes to pay final dividend for year to June 30 last of 8 per cent, making total of 16 per cent (15 per cent). Also proposed is to make bonus issue on for ten basis. Net profit rose to \$43.52m. from \$40.51m.

INTERNATIONAL PACIFIC SECURITIES proposes final dividend of 8 cents per share, making total of 14 cents per share for year ended June 30, last, as forecast. This is effective increase of 17 per cent over last year's distribution allowing for 1-for-4 bonus issue made in October 1970. Board also proposes to recommend bonus issue of one share on 1-for-10 basis. New shares will not rank for 1970-71 final dividend. Anticipated it will be possible to maintain 1970-71 rate of dividend on increased share capital.

RESULTS OF Brickwoods for the year ended March 31, 1971, show a group profit before tax of £1,765,821. This is in line with the estimate of around £1.75m. given at the time of the agreed offer from Whitbread and partners of £1.53m. for 1969-70.

The dividend is raised from the equivalent of 10 per cent to 12 per cent, with a second interim of 7½ per cent.

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SELECTED EUROSUPER BOND PRICES MID-DAY INDICATIONS

Bld	Offer	Bld	Offer
Strelot	Strelot Sipc 1965	102	93
Atlas Cosco Sipc 1965	102	102	102
ASIA Sipc 1965	93	94	95
Barrocard Sipc 1965	94	95	95
Canoco Sipc 1965	92	93	94
Coca Cola Sipc 1965	102	102	102
Diamond Sipc 1965	102	102	102
Dierckx Sipc 1962	102	102	102
Eason Sipc 1968	97	98	98
Ecco Sipc 1968	103	104	104
Esso Sipc 1968	93	94	95
Gulf Sipc 1968	93	94	95
Hawker Sipc 1973	101/2	102	102
Humberley Sipc 1965	100	101	101
Iceland Sipc 1969	92	93	94
Irish Sipc 1965	101	102	102
Masser Ferguson Sipc 1962	100	101	101
Mt. St. Piran Sipc 1966	95	96	97
Occidental Sipc 1962	93	94	95
Source: White Weld Securities.			
Transvaal Gulf Sipc 1975	101	102	102
Traverses Sipc 1965	98	99	100
Texaco Sipc 1958	85	86	87
Unilever Sipc 1965	102	103	104
Vernon 4ipc 1963	98	99	100
Winton Sipc 1965	98	99	100
Source: Kidder, Peabody Securities.			

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ANNUAL STATEMENTS—Continued

BIBBY & BARON (HOLDINGS) LTD.

GREAT OPPORTUNITIES AHEAD

MR. H. CECIL WILD ON THE PAPER AND PACKAGING TRADES

ANNUAL STATEMENTS—Continued

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ANNUAL STATEMENTS—Continued

AUEW considers next move in Coventry agreement issue

BY OUR MIDLANDS CORRESPONDENT

A SPECIAL meeting of Coventry district committee of the Amalgamated Union of Engineering Workers is being called to consider action against the Engineering Employers Association for terminating the 30-year-old rate fixing tripartite agreement. This has become a major issue among nearly 10,000 workers in the city, whose rates are linked to it.

For some two months while the dispute has been going on, the union's negotiating procedure, union members at federated and non-federated companies have been banning overtime and working to rule in operation. This has had a cumulative effect with hundreds of workers having to be laid off at times.

Yesterday, 1,400 Chrysler workers at the Ryton car assembly plant were without work because of the dispute, although the repercussion of a recent strike at the associated Linwood, Scotland, factory also

played a part. Some 700 AEW members of the association have been called to consider action against the EEA for terminating the 30-year-old rate fixing tripartite agreement. This has become a major issue among nearly 10,000 workers in the city, whose rates are linked to it.

While Chrysler is no longer a member of the association, it is regarded as a chief culprit in terms of eliminating the agreement from the market place.

Elsewhere in the city yesterday the industrial scene was more normal and none of the 80 or so members of the association reported difficulties on the first day back from the holidays.

Coventry district of the AUEW fought hard to retain the Coventry agreement, but on July 15, members of the association concerned began sending letters to their employers, asking them to and stating that while wage rates would continue to be related to the August agreement figure which stands at just over £1 an hour—future changes would have to be negotiated. The agreement officially runs out at the end of the month.

At Rover's Solihull works 1,000 production workers due off from their holidays yesterday were told to take an extra day off for modifications to the 2,000 assembly line to be completed.

MEETING MAY DELAY FLIGHTS

Holidaymakers face the possibility of delays at London Airport—Heathrow to-day, as airport workers attend a mass meeting over the union-blacked General Aviation Services.

Although recent meetings have attracted little support, shop stewards predict that 11,000-16,000 workers will be involved in their union efforts to get the Canadian-owned company's Heathrow contract withdrawn. A spokesman said that a minimum cover would be left to handle incoming aircraft only.

Union feeling against GAS, the Canadian company which has been handling Saudi Arabian Airways services at Heathrow, is based on the belief that the introduction of the company was unnecessary and could cause redundancies.

10% PAY OFFER FOR COLLEGE TEACHERS

By Michael Dixon

UNION leaders representing about 37,000 college teachers were last night considering a basic 10 per cent pay offer totalling around £14.5m—from English and Welsh education authorities. The Association of Teachers in Technical Institutions, which has offered 5% per cent (£5.5m), will make its reply in London to-day.

The pay rise under negotiation, which affects some 50,000 staff in polytechnics and further education colleges, should have been paid from April 1. Negotiations were delayed, however, by the dispute over schoolteachers' pay which was settled two weeks ago.

The Department is obviously anxious to improve the Professional and Executive Register's financial position and attraction. Only about 1 per cent

of all the DE's placings are made through the register—there are between 35,000 and 40,000 job seekers registered at any one time, and in a year about 12,500 were actually found jobs.

Although the deadline for revoking the conventions is very near, no decision appears to have been taken.

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EXTRA FLIGHT ON JERSEY ROUTE

British Island Airways is to include an extra Sunday return flight between Exeter and Jersey and revised timetables on the Gatwick (London)-Antwerp route in its winter schedule.

The programme, which becomes effective on November 1, otherwise retains nearly all services from the previous winter schedules.

Case against job charges

BY ELSBETH GANGNU

MEMBERS of the TUC's employment developments policy committee yesterday saw Mr. Paul Bryn, Minister of State at the Department of Employment, and agreed against the possibility of mooting some months ago of charges being made to employers who fill vacancies via the DE's Professional and Executive Register.

As reported in The Financial Times on July 25, the DE had sent letters to the TUC and CBI pointing out the International Labour Organisation conventions 88 and 2, referring to the provision of free employment services, and ratified by Britain, could be revoked by August 8, or not again for a further 10 years.

The TUC delegation, led by Mr. George Lowthian, and including Mr. Harry Johnson, Mr. Eric Dales and Mr. Ken Grange, is understood to have expressed considerable concern about the principle of making any charges. The TUC fears that to revoke ILO conventions would damage Britain's prestige with the organisation.

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World Value of the Pound

The following list contains the latest market rates or official rates available on August 2, except where otherwise indicated. Market rates are the average of buying and selling rates except where they are shown to be selling rates only. In some cases market rates have been calculated from the market rates of foreign currencies to which they are tied.

Exchanges in the U.K. and most of the countries listed are officially controlled and the

rates shown should not be taken as being applicable to any particular transaction without reference to an authorised dealer.

Abbreviations: (S) member of the sterling area; (O) official rate; (F) free rate; (T) tourist rate; (N/C) non-commercial rate (not available); (B) bankers' rate; (Br) broker's rate; (A) approximate rate; no direct quotation available; (Sg) selling rate; (Nom) nominal

values of £ Sterling

QUARRYING

FINANCIAL TIMES SURVEY

Anticipating new demands

By ANDY McELROY

If there were a league table of industries based on their public appeal, quarrying would come very close to the bottom. In terms of approbation, it faces two problems: the association in the public mind with plain unadorned holes in the ground, and the willingness of customers occasionally to be dazzled by the paper advantages of "technologically-ased" substitutes. In this latter context there is a distinct bias of some quarters towards the view that what comes from a factory must be principle be superior to that occurring naturally. Based like all failures, on sound premises, the use for artificial equivalents of natural products has never caught on to a significant extent.

Looking at the performance of the industry it is immediately noteworthy that growth has been, since the early 1960s, faster than the gross national product. In addition, while profits are seldom spectacular, losses on wholly quarrying operations are seldom recorded in the annals of industrial disasters.

No matter what the industry, there are two factors that are predominant when considering growth and profitability. One is the development of the market while the other is the enterprise and efficiency of the industry. Markets for quarry products are diverse, but the main ones are for aggregates for concrete and roadstone of various kinds. Concrete, in the past 20 years, has undergone a remarkable change from a product made largely by rule of thumb to a range of formulations closely tailored to individual applications. Such a trend should have, according to the technological bible, opened the way for an influx of cheap, consistent and readily available factory-made aggregates.

No great historical insight is required to know that this did

not happen, and for very good reasons. Although factory-made aggregates have come and gone like mayflies, customers have been adequately catered for by the quarrying industry's ability to provide aggregates in exactly the size and quality, at the right price, needed for any type of concrete.

Part of the secret in this is that the quarrymasters have, almost without exception, anticipated needs. A good example is the way that new sources were developed in the late 1950s in anticipation of the growth of reinforced concrete construction, both *in situ* and precast.

Massive investment

This swing towards concrete as a material at the expense of others, and increasing specialisation in types of concrete, has been followed by an extension of the range of aggregates available to the user.

This has not been done without a massive investment on the part of the industry. Aimed principally at extending the range of products, investment has carried with it a two-fold benefit.

Crushing plant, for example, which could produce different sizes from a common seam, was required. In some ways this need was the first stage in the technological education of the quarrying companies, who were quick to see that, given the right equipment, labour costs and handling costs could be drastically reduced.

The touchstone for efficiency in an industry is often the capital employed per worker. In quarrying, this is currently running at £50,000 per capita. That this should have happened in not in the least surprising. On average, aggregates form over 80 per cent of the total volumetric content of concrete, and so the properties of the finished material depend to a very large extent on the correct choice and use of aggregates.

At present, the industry is still investing steadily in new sites and advanced equipment, a factor that has, in the past, played a significant part in protecting it from the vagaries of the economy and ever-rising labour costs.

Since these measures have been successful in ensuring a steady growth despite the mixed fortunes of its main customers in the construction industry, there is every reason to think that it will keep the industry buoyant in the immediate future.

No company acting as a second-line supplier to industries like construction and civil engineering, so subject to the whims of government, would survive for any reasonable period without such market development.

During the 1940s certainly, there were too many mistakes made in developing new sources on the basis of optimistic forecasts, but this tendency was quickly corrected.

If one looks at the industry over the past ten years there is a discernible shift in emphasis in both extraction and treatment. In particular, some materials, such as slate, have been largely superseded by manufactured clay tiles for roofs. At the same time, changing demands from the construction industry have led to the development of equipment that will produce aggregates of strictly controlled size and quality. This change has also meant that there is more emphasis in locating the correct type of deposit in the first place.

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high-capacity conveyor system, which has increased the output of sites, reduced labour needs and incidentally cut down the noise and dust associated with quarrying.

It is this last aspect that poses one of the main problems for the industry in the immediate future. Public concern with despoliation of the land is, quite rightly, growing, and there has been strong opposition to the development of new sources. But these sources must be developed if the demands of customers are to be met.

Especially now that the Government has chosen to reflate the economy, prospects look bright for a resurgence in construction work. Immediately, the special schemes to relieve unemployment in the hardest-hit areas of the country will mean an injection of funds in the public sector. Such an upturn must be reflected, almost immediately, in the quarrying industry.

Restoring a site to its former state is well nigh impossible, but several companies have shown what can be done to allay the fears of the public. An example of turning a quarry into an amenity is in the flooding of gravel pits so that they can be used for fishing or sailing. There are numerous such artificial lakes throughout the country, landscaped at the expense of the companies which worked them.

Obviously, this means additional costs, but the gondwina generated by showing that ordinary people can benefit directly from quarrying activities should help to ease the path of future development.

It is easy to be too sanguine about an industry's prospects, but in this field companies have shown time after time that with wise investment and foresight one can adapt and prosper in a world of uncertainty.

British Rail removing crushed limestone for motorway construction from the Torr Works of Foster Yeoman Ltd., Europe's largest privately owned quarry.

Moves to greater efficiency

By JAMES MITCHELL

As in other productive fields, the technology of quarrying in recent years has not so much witnessed any dramatic breakthroughs as become steadily more efficient. Equipment and machines at the rock face have improved greatly in mobility and capacity while processing plant likewise has got bigger, faster and more automated. Yet, in essentials, quarrying techniques remain largely as they were.

Sedimentary rock, such as limestone, sandstone or shale, is still won largely by blasting and shovelling, though ripping is also being employed on a much wider scale to-day. Igneous rocks, such as granite, continue to be cut and shaped

but the greatest technical advance to be found in the industry as a whole in recent years lies perhaps in increased mobility through the developments that have taken place in the design and manufacture of dump trucks. These are now available in capacities of five to 100 tons, with models running on tracks or specially designed rubber tyres, and have cut significantly the time taken to get rock from the face to the treatment plant.

A major problem faced by users of wheel loaders, however, is high tyre cost. In an effort to overcome this, one of the leading manufacturers of quarry equipment, The Cater

Continued on next page

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QUARRYING II Consideration of the environment

By JAMES MITCHELL

The outcry in certain quarters over the Government's decision to allow Rio Tinto-Zinc to go ahead with limited test boring in Snowdonia National Park has drawn national attention to a type of controversy that is becoming, as it were, almost a sign of the times.

On the one hand are ranged the conservationists, many of whom are ready to scream "commercial vandalism" at the sight of a dump truck or mechanical shovel. On the other is the extractive industry, which in the past has rarely been reluctant to rip open this green and pleasant land and which often tends to be over sanguine about the extent of the mineral wealth that may lie concealed beneath any given area.

Somewhere in the middle is to be found the local population, whose views on any project are seldom given a great deal of publicity but who are often just as interested in jobs as in the local environment. This, for example, is thought to be the case with the RTZ proposals in North Wales.

Amid all this, the Department of the Environment or one of its satellite bodies is left to hold the ring.

Neutral course

"We must, of course, pursue a strictly neutral course and judge each scheme on its merits," senior official of the Department said. "I should add, however, that there are times when the more vocal section of the conservationists get things a bit out of perspective.

If every quarrying proposal were to be turned down on the grounds that it might despoil the countryside, we would end up with no extractive industry at all, and I need not labour the consequences of that."

Even so, the consequences are worth looking at briefly. Every year the quarrying and open-cast mining industries in Britain extract literally hundreds of millions of tons of stone and other minerals - limestone, sandstone, granite, gravel and slate, to mention only a few - which are put to a thousand and one uses by industry and civil engineering enterprises. It is quite impossible to put a

"Here," Mr. Walker stressed, "lies a tremendous opportunity

for sheer enterprise, however,

a current project being undertaken at Blaenau Ffestiniog is hard to match.

Here, at the world's largest slate mine, the owners, J. W. Creaves and Sons, have

taken a new company, Quarry Tours Ltd., with a view to opening

Efficiency - (Cont'd.)

Continued from previous page
pillar Tractor Co. Ltd., has just brought out a special rubber cushion track for its wheel loaders under the trademark, Dystred.

"This incorporates the wear and traction features of tracks and at the same time offers the versatility of the rubber tyre," claimed a company executive. "It is designed for our large wheel loaders operating in severe conditions and fits round the tyre like a glove. Tests have shown that it should lead to considerable savings in tyre wear and tear compared with conventional rock tyres or tyres with chains."

Competition among dump truck manufacturers is of course intense, each claiming special virtues such as strength, capacity, manoeuvrability and so on, or a combination of all three, together often with price advantages. The Chief Inspector of Mines and Quarries is himself not quite as enthusiastic. Whilst acknowledging the gain in mobility with the latest earth-moving machines, in a recent annual report he also drew attention to the need to improve standards of maintenance for brakes and steering mechanisms on dump trucks, particularly on the larger models.

Dump trucks

Meanwhile, two significant developments in the dump truck field consist of a new on-off highway tipper by Foden, and of the recent arrival in South Wales of six 100-ton dump trucks from the Canadian factory of the Unit Rig Company of Tulsa, Oklahoma.

Foden claims that its new tipper is built "to withstand anything that is likely to happen to it on the roughest of sites" while at the same time being the first vehicle of its kind to meet the proposed new highway regulations with a GVW of 24 tons.

"The really important feature about this vehicle," stated E. S. Fenlon, an executive director of the company, "is the considerable use which can be made of it on the open highway. It was designed with this dual purpose in mind - we were thinking in terms of about 70 per cent site working and 30 per cent highway use - and, as such, it is much tougher than the average dump truck. Fully laden, it has a road speed of 35-40 m.p.h. It costs £9,500."

As with dump trucks and crushers, other types of quarry plant and machinery is becoming more and more sophisticated with each year that passes. This applies both to rock-breaking equipment, such as drills, excavators, shovels, tractors, tippers and the like and to processing plant, including screens, vibrators, belting, grinders, pulverisers, polishers, scrubbers and asphalt, bitumen and tarmacadam plants. Dust extraction and collection sys-

tem part of the workings to tourists. The attractions will range from trips in special battery trucks through caverns and tunnels (with Wagnerian music as an accompaniment) to a craft shop, cafe and eventually a museum.

Reclaiming land

Another highly imaginative scheme but of a different order involves the co-operation of the Central Electricity Generating Board with the London Brick Company. Briefly, special liner trains are used to transport fly ash dust from the power stations in Nottinghamshire to the company's pits in the Peterborough area. As much as 6,000 tons a day is brought in this manner, mixed with water and pumped into worked out sections of the pits complex. The water is then

decanted and used again.

"This is a 30-years' project," explained E. H. Burton, a director and estates manager of London Brick, "aimed at reclaiming as much as 3,500 acres of old pits. After these have been filled with ash, soil from a local sugar beet factory at Fleetwood will be spread on top, after which the land can be used for agriculture, tree planting or whatever purpose is thought best. Of course, under this scheme, the CEGB will fill up holes which haven't yet been dug."

Also in the Peterborough area, London Brick have built a new works in one of its old pits instead of filling it in. The pit in question, which is 70 feet deep, conceals everything of the works but the tips of the chimneys. Here, some 2,000,000 bricks are produced every week.

Examples of this kind underline how much more conscious both Government and the extractive industry are today of the needs of the environment. Moreover, the whole process of reclamation and use is being accelerated by advances in technology. But the important thing is that there is now a substantial measure of experience and good will on both sides.

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STOCK EXCHANGE REPORT

Small sellers push prices down in absence of buyers

Share index down 4.3 at 397.2 after 395.4—BSA weak

COUNT DEALING DATES

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STOCK EXCHANGE DEALINGS

from the Official List for August 2

Monday, August 2 12,385 | Thursday, July 23 12,940 | Tuesday, July 27 12,897
 Friday, July 30 12,234 | Wednesday, July 23 13,169 | Monday, July 26 14,230

The list below gives the prices at which bargains done yesterday by members of the London Stock Exchange were recorded in the Stock Exchange Daily Official List. Members are not obliged to mark bargains except in special cases, and the list cannot, therefore, be regarded as a complete record of prices at which business was done.

Bargains are recorded in the Official List up to 2.15 p.m. only, but later transactions can be included in the following day's Official List. No indication is available as to whether a bargain represents

a sale or purchase by members of the public. Markings are not necessarily in order of execution, and only one bargain in any one security at any one price is recorded.

The number of dealings marked in each section follows the name of the section. Unless otherwise denoted shares are £1 fully paid and stock £100 fully paid. Stock Exchange securities are quoted in pounds and fractions of pounds or in new pence and fractions of new pence.

Bargains at Special Prices. A bargain done with or between non-members. + Bargains done previous day. # Bargains done with members of 2 recognised Stock Exchange.

+ Bargains done for delayed delivery or "no buying". \$—Australian; \$B—Bahamian; \$C—Canadian; \$H—Chinese; \$I—Jamaican; \$M—Malayan; \$MC—Mexican

\$T—New Zealand; \$S—Singapore; \$US—United States; SWI—Swiss; Ind.—India.

Bargains in Stocks. (Stocks 150p) 1 5 1 8

Bank of England. £100 1970-73 05% 1 2 7

Bank of Montreal (Milner, Namey) G. 100 1 2 7

Bank of South Wales (GSA). 333 5 2

Bank Scotland (Governor) G. 510

Bank Standard (Gibson) G. 100 1 2 7

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Bank Stock

F.T.—ACTUARIES SHARE INDICES

These indices are the joint compilation of The Financial Times, The Institute of Actuaries and the Faculty of Actuaries in Edinburgh

EQUITY GROUPS

GROUPS & SUB-SECTIONS

Figures in parentheses after sectional names show number of stocks.

	Monday, August 2, 1971			Friday July 30			Thurs. July 29			Wed. July 28			Tues. July 27			Year ago (approx.)			Highs and Lows Index			
	Index No.	Day Change %	With 40% Corporation Tax	Biv. No.	Ex. Date	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.
1 CAPITAL GOODS GROUP (184)	154.91	-0.5	6.08	154.44	155.50	157.04	158.62	157.92	160.34	158.62	160.03	159.82	159.82	159.82	159.82	159.82	159.82	159.82	159.82	159.82	159.82	
2 Aircraft and Components (3)	108.92	-0.5	7.82	13.50	5.73	108.41	110.42	110.88	110.32	97.10	110.98	66.40	290.12	66.40	290.12	66.40	290.12	66.40	290.12	66.40	290.12	66.40
3 Building Materials (29)	155.55	-1.2	5.05	19.29	3.62	155.40	156.23	167.94	156.81	104.15	157.98	99.50	250.12	99.50	250.12	99.50	250.12	99.50	250.12	99.50	250.12	99.50
4 Contracting and Construction (19)	180.20	+0.3	6.94	16.84	2.51	229.00	230.61	233.12	227.95	191.61	233.15	152.65	255.15	152.65	255.15	152.65	255.15	152.65	255.15	152.65	255.15	152.65
5 Electr. (ex Elecra Rsd & TV) (13)	272.75	-0.4	6.13	19.51	3.01	273.82	278.10	282.65	283.44	199.53	283.44	174.23	344.75	174.23	344.75	174.23	344.75	174.23	344.75	174.23	344.75	174.23
6 Engineering (80)	146.37	-0.7	5.56	15.24	4.25	147.39	147.99	149.28	148.74	115.92	149.28	115.92	150.85	115.92	150.85	115.92	150.85	115.92	150.85	115.92	150.85	115.92
7 Machine Tools (15)	65.25	+0.9	7.56	13.17	5.23	64.70	64.94	65.14	65.38	66.50	64.70	64.70	64.70	64.70	64.70	64.70	64.70	64.70	64.70	64.70	64.70	
8 Miscellaneous (25)	138.10	-0.9	7.86	16.72	3.36	138.37	133.32	134.65	134.15	114.59	134.65	114.59	134.65	114.59	134.65	114.59	134.65	114.59	134.65	114.59	134.65	
9 CONSUMER GOODS (DURABLE) GROUP (56)	168.24	-0.6	6.25	19.05	3.09	169.84	169.55	171.76	175.85	134.15	175.85	117.55	187.87	117.55	187.87	117.55	187.87	117.55	187.87	117.55	187.87	
10 Electronics, Radio and TV (14)	175.78	-1.1	5.77	17.34	2.49	177.71	177.85	180.45	182.36	149.78	180.45	149.78	180.45	149.78	180.45	149.78	180.45	149.78	180.45	149.78	180.45	
11 Household Goods (15)	186.03	-0.4	5.23	16.65	3.56	186.71	186.85	189.00	189.92	123.52	186.00	155.32	189.00	155.32	189.00	155.32	189.00	155.32	189.00	155.32	189.00	
12 Motors and Distributors (27)	116.56	-0.1	4.36	22.96	3.66	116.66	116.69	112.41	120.53	82.91	120.53	78.19	170.70	78.19	170.70	78.19	170.70	78.19	170.70	78.19	170.70	
13 CONSUMER GOODS (NON-DURABLE) GROUP (175)	189.72	-1.2	5.61	17.83	3.92	121.29	125.20	153.57	164.14	119.15	164.14	119.15	164.14	119.15	164.14	119.15	164.14	119.15	164.14	119.15	164.14	
14 Breweries (21)	182.40	-0.1	5.40	19.65	3.48	182.65	191.85	180.21	181.21	121.83	182.65	121.83	182.65	121.83	182.65	121.83	182.65	121.83	182.65	121.83	182.65	
15 Wines and Spirits (7)	171.59	-0.4	6.08	16.49	4.08	176.87	178.15	171.35	175.52	146.41	178.15	146.41	178.15	146.41	178.15	146.41	178.15	146.41	178.15	146.41	178.15	
16 Entertainment and Catering (15)	199.22	-1.6	7.18	13.22	3.89	261.25	203.61	202.54	204.00	172.28	214.59	177.99	231.92	177.99	231.92	177.99	231.92	177.99	231.92	177.99	231.92	
17 Food Manufacturing (24)	158.93	-0.9	5.81	17.25	3.81	140.06	140.16	144.28	141.63	108.52	140.06	140.06	140.06	140.06	140.06	140.06	140.06	140.06	140.06	140.06	140.06	
18 Food Retailing (17)	137.68	-0.1	5.47	18.28	3.56	137.26	139.23	132.04	137.62	100.72	139.23	100.72	139.23	100.72	139.23	100.72	139.23	100.72	139.23	100.72	139.23	
19 Newspapers and Publishing (15)	140.26	-0.6	5.12	16.63	5.06	140.22	141.08	142.39	141.91	106.57	140.22	106.57	140.22	106.57	140.22	106.57	140.22	106.57	140.22	106.57	140.22	
20 Packaging and Paper (16)	114.50	-1.4	5.74	14.84	4.95	115.94	119.05	118.80	120.16	163.52	120.16	163.52	120.16	163.52	120.16	163.52	120.16	163.52	120.16	163.52	120.16	
21 Stores (30)	152.69	-2.5	4.45	22.45	3.62	155.31	157.49	159.82	160.64	101.40	155.31	101.40	155.31	101.40	155.31	101.40	155.31	101.40	155.31	101.40	155.31	
22 Textiles (21)	175.62	-1.1	5.68	17.52	2.50	175.50	175.65	177.77	176.94	131.19	177.77	131.19	177.77	131.19	177.77	131.19	177.77	131.19	177.77	131.19	177.77	
23 Tobacco (3)	240.29	-1.7	8.86	11.28	5.93	244.43	246.69	261.50	254.47	190.22	244.43	190.22	244.43	190.22	244.43	190.22	244.43	190.22	244.43	190.22	244.43	
24 Toys and Games (6)	47.10	-3.7	—	—	—	5.61	48.90	50.00	49.99	50.04	56.99	50.04	46.85	50.04	46.85	50.04	46.85	50.04	46.85	50.04	46.85	
25 OTHER GROUPS	185.86	-1.4	6.42	19.46	3.54	186.55	189.98	182.32	183.30	142.79	186.55	142.79	186.55	142.79	186.55	142.79	186.55	142.79	186.55	142.79	186.55	
26 Office Equipment (10)	193.22	-1.1	3.62	27.84	1.65	195.42	195.94	200.12	205.34	131.34	195.42	131.34	195.42	131.34	195.42	131.34	195.42	131.34	195.42	131.34	195.42	
27 Shipping (10)	316.65	-0.4	7.44	13.43	5.21	317.83	318.10	322.15	330.85	176.97	318.10	176.97	318.10	176.97	318.10	176.97	318.10	176.97	318.10	176.97	318.10	
28 Miscellaneous (unclassified) (44)	184.0																					

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THE LEX COLUMN

Trafalgar and Cunard combined

Lombard

SDR—a case of mistaken identity

BY C. GORDON TETHER

YOU can make out a case—though it would have to rely on the highly unsatisfactory proposition that two wrongs make a right—for suspending the creation of Special Drawing Rights on the grounds that the continuing rapid growth of the dollar element in the international liquidity supply has removed the need for them. What you cannot logically do is to maintain, as the French Finance Minister tried to do the other day, that the SDR is redundant because so far it has been little used in international dealings.

The Special Drawing Rights mechanism for regular annual paper-gold additions to world reserves was brought into being to guard against the possibility of the supply of liquidity failing to keep pace with the need when the expected restoration of equilibrium in America's balance of payments bated the growth of the dollar portion. In the event, the Americans have stayed in major deficit.

New point

To this extent, the French have a certain justification for claiming that the relevant circumstances have so changed since the arrangements for the first three annual issues of SDRs were agreed that no more should be made until the whole project has been re-examined. But the latest French attack on the SDR by Finance Minister Valery Giscard d'Estaing did not content itself with reiterating this familiar argument. It also included the contention that, as SDRs have been relatively little used in international dealing up to now, "they should in future be distributed only to the point where the international monetary system can cope with them."

It is, of course, true that the volume of transactions in SDRs has been equivalent to only about a quarter of the \$6,500m or so the International Monetary Fund has distributed to date. But that does not mean that the international monetary system has shown itself "unable to cope with them."

The whole purpose of the reserve system is to provide countries with a means of dealing without suffering too much inconvenience in their balance of payments fortunes. And the SDR system we brought into being to ensure that the supply of reserves available for providing such insurance would keep pace with a need that was being constantly increased.

What this means is that, in the ordinary way, one would expect each annual issue of SDRs to be saluted away except by that relatively small number of countries currently needing to sell reserves to cover payments deficits—in other words, for it to feature no more in international dealings than other elements in the liquidity supply. And it is a fact that official gold—the ingredient that the French regard as superior to all others—has figured much less in international transactions in proportionate terms in the 19 months since the SDR made its debut than the new arrival.

Next best

One might well argue, indeed, that the story to date has shown that, far from being a drug on the international monetary system, the SDR is regarded by most countries as a more acceptable form of international liquidity than reserve currencies. Had it been otherwise one would have expected a widespread enthusiasm for getting rid of the annual distributions at the earliest possible moment.

In reality, it has not only become apparent that most countries are quite happy in hold on to all they have received. It has also been demonstrated that many were prepared to accept them as an alternative to gold by way of payment for additional supplies of their own currencies made available to the IMF for replenishing its stock.

The SDR is obviously not regarded as a form of liquidity that is superior to gold. But it has quickly come to be regarded as the next best thing. And the fact that its arrival is seen as achieving an improvement in the quality of international reserves clearly has a considerable relevance to the question of whether issues should be suspended for so long as the outflow of dollars from the U.S. reduces the need for its help in enlarging the quantity of reserves.

International financial frictions in recent years have been to a large extent connected with the quality aspect of the liquidity problem. It is obvious, therefore, that pushing the SDR out of the picture to induce the renewed growth of reserve currency liquidity would be a step in the wrong direction.

Now that a 10p higher offer from Trafalgar House—worth anything from 20p to 210p according to the terms—has the recommendation of the Cunard board, it is worth looking to the shape of the combined group. Assuming full acceptance of the basic offer, Trafalgar will, with its market purchases, have spent some £27m for Cunard including the preference £6.5m in cash, just over £7m in loan stock and £13m in shares: this compares with a net worth of some £45m for Cunard, should Trafalgar opt to write down the Cunard fleet of £75m odd book value. The total value of the tax credits within Cunard would probably be worth rather more than the purchase price if immediately utilisable, which they are now. Still Trafalgar has appreciable contingent capital gains liabilities as well as £6m of pre-tax profits last year.

Under the basic offer again, the proposed group would have a market capitalisation of £90m at 97p, on full dilution except for the new warrants, so that

Cunard could be said to represent just 15 per cent of the Trafalgar equity—though an obviously volatile 15 per cent. Meanwhile Cunard stands at a depressed point in the shipping cycle: for what projections are worth, one puts a £3m profit figure to the group against last year's £2m loss. The gamble for Trafalgar is simply a play of loss elimination and the shipping cycle against time.

Wool Textiles

After Allied Textile's remarks a couple of weeks ago about a considerable improvement in conditions, and "most encouraging" order books, the reports from Illingworth Morris and Bulmer and Lamb are decidedly deflating; neither can see more than a slight upturn in activity. Considering that turnover dropped last year in both cases—by 6 and 15 per cent respectively—that is not much to enthuse over. Nor is the problem simply that the two groups are stuck in a declining worsted industry. The B and L knitting

yarn division trades with the booming double jersey sector, but in fact it is the weaving side which is showing the slight signs of an upturn.

However, B and L's experience probably reflects the fashion for particular types of all-synthetic yarn. The basic threat to weaving remains as knitted cloths penetrate further into the menswear field, and the moves by Allied Textile and West Riding Worsted into knitting are logical enough.

Yet there could be a good deal of short-term scope in the traditional side. The past couple of years have seen a substantial slimming operation in Yorkshire and with fewer weak sellers around, the upturn, when it probably arrives, should be sharp. And with a p/e of 8.5 for B and L, and 12.7 for Illingworth the shares are not asking for an unreasonable earnings improvement.

The snag with Illingworth could be that with the holding in Woolcombers now built up to 44 per cent it may be difficult for the group to take full ad-

vantage of the overcapacity (and hence poor bargaining power) in topmaking which should be good for spinners in general once volume starts to move ahead.

Johnson-Richards

H. and R. Johnson-Richards Tiles is nearly double the 1971 low at 302p, and there is nothing in the accounts to upset that kind of buoyancy. Nearly three-quarters of 1970-71's £1.65m pre-tax, and all the growth, came in the second half. There is no noticeable seasonal pattern, yet industry deliveries of coloured glazed tiles—very roughly three-quarters of group sales by volume—only really started to shift in the home market during the final quarter. That brought a 20 per cent volume gain, against a 5 per cent fall over 1970. As for exports, 28 per cent of group sales, the industry trend over the four quarters went -26, -28, -23 and plus 1 per cent in that order: export deliveries are now running at a high level and the Australian and South African factories, 29

per cent of sales, are also said to be doing well.

Last year's profits may have been boosted by running back stocks and the average stock turn rose from 44 to 51. Yet volume remains the key for Johnson-Richards, and current demand levels coupled with a 6 per cent price increase last month suggest a sizeable increase in 1971-72 over the annual rate in the second half of last year. A further comfort for the fully taxed historic p/e of around 13½ is the fact that tiles come relatively late in the building cycle, coupled with a new element in the demand equation in the shape of sharply rising spending on housing renovation.

Louis Newmark

To forecast £750,000 pre-tax and turn in £880,000 is no mean feat but for Louis Newmark it is not one, apparently, to require explanations at this stage. The performance means a spurt to 30 per cent profits growth in the October-March second half (adding back £75,000 for a

Rolls-Royce provision) after 9 per cent mid-way through 1970-71, and owes much to a distinct sales upturn in the final three to four months. That looks to have occurred in the dominant electronic component and precision engineering end, which almost certainly takes this side's contribution in total profits above the 68 per cent of 1969-70. A stake in gears and drive shafts for the automotive industry probably helped here.

Where Newmark goes this year is hard to say ahead of the accounts. The jump of more than a third in the depreciation charge stems from a new look at write-off requirements rather than the onset of new plant. But the growing importance of the manufacturing activities (the balance is an importing business, mostly watches of questionable growth outlook) is something p/e of 9.5 at 13½p could be partly blind to. With its 15 per cent ten year compound earnings growth record, this is just the kind of share that is moving into investment fashion.

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Weather

U.K. TO-DAY
A depression will be seen off the South-West and trams will move slowly over the British Isles. Scotland will have some sun and sunny intervals. Northern Ireland, England and Wales have showers, some longer breaks of rain, but also some intervals. Temperatures generally will be near or rather a normal for early August.

London, S.E., E. Anglia, E. and Midlands, Cent. S. Eng., N.W.

Rather cloudy with short and longer periods of rain, some sunny intervals. Wind moderate. Max. 21C (70F). Chancet Is., S.W. Eng., S. Wales.

Rain, then showers, sunny intervals. Wind S. to moderate or fresh. Max. 18C (64F).

E. N.E., N.W. and Cent. N. Lakes, I. of Man

Bright intervals at first, becoming mostly cloudy with rain. Max. 20C (68F).

Borders, E. and S.W. Scotland, Edinburgh, Glasgow, Arg.

Cent. Highlands

Sunny spells and isolated showers. Max. 20C (68F).

Sheffield

Cloudy at first with occasional rain and sun patches. Max. 20C (68F).

N. Ireland

Bright intervals, mostly otherwise cloudy with short, longer outbreaks of rain.

Outlook: Changeable, normal temperatures.

BUSINESS CENTRES

	Yester. Mid-day	Mid-day	
Amsterdam	F 20	Madrid	S
Bahrain	F 29 10	Manchester	S
Berlin	C 15	Melbourne	S
Bern	F 20	Milan	S
Bogota	F 20	Montreal	S
Buenos Aires	F 19	Moscow	S
Brisbane	F 19	Monich	S
Bucharest	F 20	Newcastle	S
Budapest	F 19	Odessa	S
B. Aires	F 14	Paris	P
Calcutta	F 20	Prague	P
Caracas	F 20	Paris	P
Copenhagen	F 19	Perth	P
Dublin	F 19	Singapore	P
Einsiedeln	F 17	Stockholm	P
Frankfurt	F 17	Strasbourg	P
Geneva	F 17	Sydney	P
Glasgow	F 17	Tehran	P
Helsinki	F 18	Tokyo	P
Hong Kong	F 17	Toronto	P
Johburg	F 17	Tunis	P
Lisbon	F 18	Venice	S
London	F 22	Zurich	S
Luxembourg	F 22	Zurich	S

HOLIDAY RESORTS

	Yester. Mid-day	Mid-day	
Alicante	S 21	Jersey	C
Alexandria	F 21	Larnaca	C
Algiers	F 26	Lisbon	C
Almeria	F 26	London	C
Antalya	S 20	Luxor	C
Antwerp	F 20	Malaga	C
Antofagasta	S 20	Malta	C
Barcelona	S 19	Malib	C
Blackpool	S 19	Malta	C
Bordeaux	F 20	Malta	C
Boulogne	F 20	Malta	C
Buenos Aires	F 20	Malta	C
Cape Town	C 10	Nicosia	P
Carlo	S 20	Nicosia	P
Faro	S 20	Paris	P
Franschhoek	S 20	Paris	P
Funchal	S 20	Paris	P
Gibraltar	S 20	St. Moritz	P
Guerney	S 20	Tanger	P
Hamburg	F 18	Tunis	P
Inverness	F 18	Tunis	P
I. of Man	C 18	Valencia	P
Istanbul	F 18	Venice	P
S-Sunny	F-Pair	C-Cloudy	P

International Sporting Club

Gaming Act 1968

Please take notice that on the 11th day of May, 1971 the Gaming Licensing Committee for the Petty sessions area of South Westminster in the County of London granted a Gaming Licence other than Bingo, pursuant to a Certificate of Consent issued by the Gaming Board, in respect of the premises situated at Lansdowne House, Berkeley Square, London W.1. to enable the premises to be used as a Casino by the International Sporting Club.



For membership please apply to the Secretary, International Sporting Club, Berkeley Square, London W.1. or telephone 01-629 1657.

DATED THIS 25TH DAY OF JULY 1971 L. TOSIAS DIRECTOR

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Trafalgar and Cunard combined

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